



# THE INDEPENDENT

No 3,159

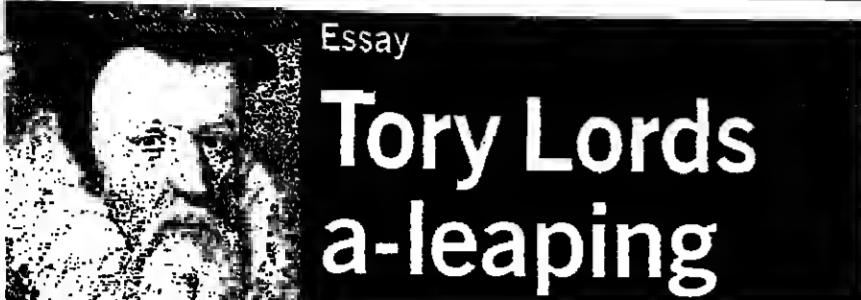
WEDNESDAY 4 DECEMBER 1996

WEATHER: Cold and windy

40p (IR 45p)

Essay

## Tory Lords a-leaping



The Tabloid

## Suzanne Moore on sexual de-selection



The Tabloid

## Bridget Jones: Chocolate and the single girl



# Britain's would-be Nazi queen

Steve Boggan and John Crossland

Wallis Simpson, the woman for whom Edward VIII abdicated, conducted secret negotiations with the Nazis in order to have herself installed as Queen of England "at any price", according to secret government papers released yesterday.

The Public Record Office documents confirm for the first time what historians have long suspected – that Edward, the Duke of Windsor, was a firm Nazi sympathiser and his American wife was a malign influence.

A memorandum released by the Foreign Office, 60 years after the abdication, provides the

most startling evidence yet of the Windsors' willingness to collaborate with Hitler.

The couple had left Britain for neutral Portugal, but there were government concerns throughout the summer of 1940 that the Nazis might take Edward – by force or persuasion – with the intention of installing him as a puppet king in the event of an invasion.

The latest evidence suggests that force, at least on the part of the duchess, might well have been necessary. Dated 7 July 1940, it comes in the form of a memorandum from an informant inside occupied Czechoslovakia to Sir Alexander Cadogan, permanent secretary at the Foreign Office.

It says: "A new source in close touch with Von Neurath's [the German protector of Bohemia's] entourage in Prague has reported that the Germans expect assistance from the Duke and Duchess of Windsor, the latter desiring at any price to become Queen. The Germans have been negotiating with her since June 27."

"The status quo in England expect an understanding to form an anti-Russian alliance."

The Germans propose to form an opposition government with the Duke of Windsor, having first changed public opinion by propaganda. The Germans think King George will abdicate during the attack on London.

Royal historians were not surprised by the contents of many of yesterday's papers – particularly those once again demonstrating the duke's pro-Nazi sympathies and his embarrassing comments and behaviour after being sent to act as Governor of the Bahamas in 1940. But the confirmation of Wallis Simpson's role in the affair was regarded as significant.

"This dots the i's and crosses the t's," said Harold Brooks Baker, publishing director of Burke's Peepage.

"She was always regarded as bad news, particularly by the Americans. Roosevelt was always worried about Edward's Nazi leanings and considered

her the best thing that ever happened – she stopped him having to deal with a pro-Nazi king."

The revelations also go some way to explaining the Queen Mother's life-long loathing of the duchess.

There are many more references, however, to the duke's aspirations and to his Nazi leanings.

One intelligence report from a Spaniard, Count Nava de Tajo, to British diplomats said that the duke believed there could be a revolution in Britain, resulting in the abdication of King George VI. He then hoped that a subsequent Labour government would invite him back to take the throne.

Later, a senior Foreign Office specialist covering America wrote to Sir David Douglas-Scott, assistant under-secretary of state, complaining about an interview the duke had given to an American newspaper arguing against US involvement in the war.

Clearly furious, he concludes: "I propose that he now be told of the harm that he has done, and strictly prohibited from giving any more interviews at all without having his texts vetted and authorised at home. [This] may help to correct the gaffe of sending him to this post. It – or any post near the USA – should have been the last chosen."

Duke and the Nazis, page 6



Nazi collaborator: Wallis Simpson negotiated with the Germans

## Ministers fear maize breakout

Ian Burrell

Ministers have been warned that genetically-altered American corn is to enter the British food chain despite government safety objections.

Briefings prepared for ministers, and seen by *The Independent*, warn that the imports pose a risk to health. In a memo to John Gummer, the Secretary of State for the Environment, Dr William Parish, of the DoE's Chemicals and Biotechnology Division, warned: "The maize will be imported shortly despite the fact that it is not authorised in an unprocessed form, and that the UK objected to proposals to

whether any particular shipment contains GM maize."

The Ministry of Agriculture, Fisheries and Food (MAFF) has objected to the GM corn on the grounds that it could compromise treatment of diseases in animals and humans.

The modified corn has been manipulated to be tolerant to herbicide and to poison insects which eat it, but it also contains a gene which is resistant to ampicillin antibiotics.

There is concern at MAFF that if the GM maize was used in animal feeds it could lead to drug-resistant bacteria forming in the digestive system of livestock, compromising disease treatment in animals and humans.

Next week Mr Gummer will attend a meeting of the EC Environment Council at which permission for marketing the GM maize will be discussed. The council will consider research undertaken by the EC Scientific Committee on Food, the Scientific Committee on Animal Nutrition and the Scientific Committee for Pesticides. Britain must abide by the council's decision.

Ciba-Geigy, the company which developed the genetically-modified maize seeds, is confident it will get approval to market the product.

Daniel Blaupain, worldwide Head of Ciba Seeds, said: "We agree with the Commission that no efforts should be spared in order to ensure that our product can be widely accepted and be met with confidence by the public."

When the GM maize is processed for human consumption, by boiling or cooking, it is believed to be safe.

However, MAFF asked the Laboratory of the Government Chemist to see if any of the DNA in the modified product would remain after processing.

The briefing states: "It appears that fragments can survive and MAFF are now seeking the views of independent experts – about whether this changes their view on the risk of processed maize."

The new maize – known as Genetic Corn – is already being cultivated in America and government sources said little could be done to keep it out.

The DoE memo warns: "The UK has no control over the mixing of GM and non-GM maize in the USA. In practice, it is not possible to identify nor separate the GM maize once it arrives in the UK as a bulk commodity. Therefore, no one will know

## QUICKLY

**Major firm on EMU**  
The Prime Minister yesterday was firmly nailed to the agreed Cabinet line on the European single currency. Page 2

**Food bug lawsuit**  
Seven children are suing the Government and other organisations after being infected by the food poisoning bug which has killed six in Scotland. Their families say the Government failed to warn of the dangers of the bacterium E-coli 0157. Page 2

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## The next Miss Australia might just be a bloke



Beauty and the Bruce: Political correctness took a decisive turn yesterday when Brad Rodgers took his place with the other finalists in the Miss Australia contest. Attacks on the contest led to the beauty aspect being ditched in favour of other criteria including raising charity funds. This allows Mr Rodgers to qualify after he raised A\$100,000 for the Spastics Society

## Jewish civil war feared by Israelis

Patrick Cockburn  
Jerusalem

As hostility increases between secular and religious Israelis, a poll indicates that 47 per cent of Jews believe, with differing degrees of certainty, that the polarisation of their society may lead to a Jewish civil war.

According to a poll of 1,025 Jewish Israelis carried out by the Geocartographic Institute, it is secular Jews who feel under greatest threat. Some 51 per cent of them believe that there will be a civil war, compared to 38 per cent of religious Jews.

Of the believers in a civil war, 30 per cent think it inevitable, 40 per cent probable and 24 per cent possible.

The problem is far more complicated than a simple division between secular and religious, between the fifth of the population which never goes to the synagogue and those who go every day. The melting pot which was intended to produce a single Israeli identity never entirely worked. In addition to the Israeli Arabs, there are five distinct Jewish communities in Israel, each with its own interests and institutions.

These are the ultra-orthodox, the religious nationalists, the Sephardi Jews, the Russian immigrants and the secular Jews. The members of each community are usually easily identifiable in the street.

The ultra-orthodox sport their black suits, and the religious nationalists – a coherent community with their separate educational system and university – their skullcaps. The 600,000 Russian immigrants are not difficult to identify, nor

## Bomb on Paris train kills two

MARY DEJEVSKY  
Paris

Left-wing ally, Meretz, was defeated by one in coalition with the religious parties.

The assassination last year of Yitzhak Rabin, the Israeli prime minister, at a peace rally in Tel Aviv also gave many secular Jews a sense that the religious nationalist right does not play by democratic rules.

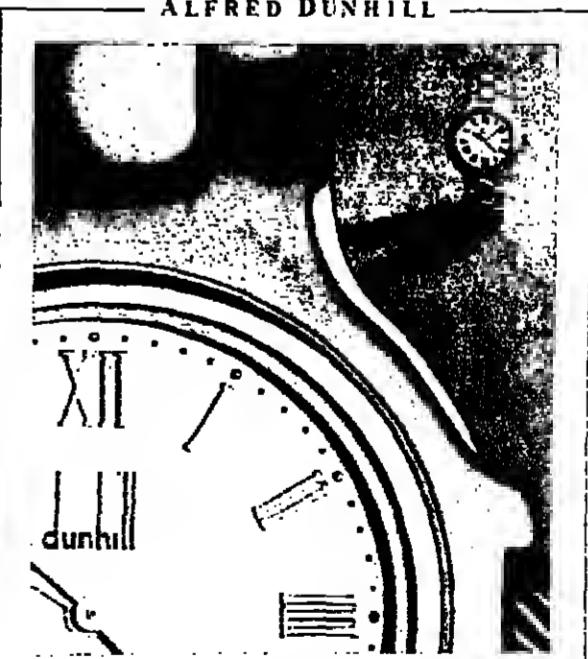
This makes it more difficult for a right-wing government to overcome cleavages within Israeli society by appeals to national solidarity.

Always present within Israeli society, these stresses are much greater today. For the first time, in May, the prime minister and the Knesset were elected separately. Political fragmentation has grown.

The large number of polls – such as that by the Geocartographic Institute on the likelihood of civil war – assessing the strength of Jewish solidarity and the degree of animosity between groups is itself a sign of nervousness. In Jerusalem, for instance, 40 per cent of secular Jews say they want to leave the city because of conflicts with the ultra-orthodox.

Short of armed conflict with the Palestinians, the Prime Minister, Benjamin Netanyahu, is probably agile enough to keep the conflict between secular and religious from boiling over. Despite the big gains of the religious communities in politics, education and their increasing role in the army, there are some signs of cultural counter-attack against the super-heated religious nationalism and reliance on armed strength alone to which Mr Netanyahu sometimes appeals.

Yesterday's bomb comes within days of Algeria's referendum in which Algerians apparently voted by a large majority for the country's new constitution which outlaws fundamentalist religious groups.



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## news

## significant shorts

## Channel Tunnel to reopen

Eurotunnel was last night given permission to resume passenger services, 15 days after the severely damaged a 600-metre stretch of the Channel Tunnel. The go-ahead by the Anglo-French Intergovernmental Commission, after advice from the tunnel safety authority, means Eurostar trains from Waterloo and car and coach shuttle services could start almost immediately. The welcome news for the debt-ridden company came two days after it staged a security drill to restore confidence in emergency procedures.

However, the Conservative MP Roger Gale said he still had "considerable lingering anxieties" at the re-opening. The safety authority said after meeting in London that it was satisfied "that the necessary safety equipment is available and that revised operating and emergency procedures are in place". Michael Streeter

## The Pope greets Carey

The Archbishop of Canterbury, Dr George Carey, arrived in Rome for three days of talks at the Vatican. The talks will be "very tough and interesting" according to a member of the Archbishop's party.

Pope John Paul II, greeting Dr Carey in his library, said: "Even in our sad separation, Anglicans and Catholics have not ceased to be brothers and sisters in the one Lord." Dr Carey told the Pope: "We cannot undo overnight doctrinal differences and the bitternesses that have resulted from the legacy of history. But we are able to confront them as fellow Christians." Andrew Brown

## Odd-job man is cleared

Mark Weston, 21, an odd-job man, was cleared at Oxford Crown Court of murdering his near neighbour Vicki Thompson, who was bludgeoned to death while walking her dog near Ascott-under-Wychwood, Oxfordshire.

## Treasury burns

The Treasury was evacuated after fire broke out in the basement. William Waldegrave, Chief Secretary, was among 1,500 people forced to wait outside while the blaze, caused by electrical equipment, was extinguished. Michael Streeter

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DON'T FALL DOWN ON YOUR RRR'S

GRRRAHAM'S PORT

Just roll it round your tongue.

Anthony Bevins on what the papers didn't say

# How come they got it so wrong over Europe?

Wrong: Yesterday's Financial Times

Major to signal UK will not join first wave of Emu

Tories may ditch euro and ecu policy

Major plans to hold out against euro

Wrong: Monday's Daily Telegraph

Clarke's Euro armlock on Major

Clarke left isolated over single currency

MAJOR LETS CLARKE FUME

Right: Yesterday's Independent

be known until the Amsterdam summit in June - after the next election.

In an unusual Commons statement on Monday's meeting of finance ministers in Brussels, Mr Clarke used the same formula that ministers have applied to Northern Ireland peace talks: "Nothing is agreed until everything is agreed."

That meant that even when the whole euro package had been settled, individual countries would have an overriding right the "revise" the deal as a

The children, all under the age of eight, contracted the bug in unrelated cases in different parts of England. They were yesterday granted legal aid to sue the Department of Health and the Ministry of Agriculture Fisheries and Food.

Three of them, two from the same family in Liverpool, and one from Gateshead, will also sue the food chain McDonald's and their suppliers McKey Foods Ltd. The other four, from two different families in Stoke-on-Trent, are taking action against the butchers AJ Green and Sons.

Gary Thomas, father of four-year-old Rachel and seven-year-old Katie, claimed his daughters picked up the bacteria after eating a McDonald's meal in Liverpool last August.

"We knew nothing about E-coli, this burger bug."

Lucy Keeney, of Howe & Co, which is representing the families, said a report by the Advisory Committee on Microbiological Safety of Food published in 1995 warned against E-coli 0157.

The report recommended the labelling of beef products with information about the bacterium and said that hygiene methods in abattoirs needed to be reviewed.

In the Stoke cases, four children from two families fell ill after eating rare burgers at a family barbecue. Their parents say they were unaware of the dangers.

The family of two of the other children say they developed symptoms following a meal at a McDonald's restaurant in Liverpool.

All seven children have recovered but parents are concerned that the illness may have caused long-term damage.

The Department of Health said health professionals received advice from the royal colleges and from the Public Health Laboratory Service.

The spokesman said Government recommendations were fed through the royal colleges to the medical profession.

McDonald's said last night: "We take any claims of this nature very seriously and will investigate fully as soon as details have been advised to us by the lawyers involved."

Doctors are trying to trace 20 students at the University of Wales in Cardiff who have not been given antibiotic treatment against the outbreak of meningitis that has killed two students.

No more cases of meningitis were reported in Cardiff yesterday. The results of tests on 24 students under observation are expected shortly. Three others are being treated for the disease, one was described as "critical but improving". The other two were responding well.

## Dublin pay-off scandal deepens block on naming

Alan Murdoch

Dublin

The scandal over pay-offs to Dublin politicians deepened last night as both the Prime Minister and Speaker of the Dail urged TDs (MPs) not to name the former Fianna Fail cabinet minister who received £1.1m secretly from Irish supermarket chief Ben Dunne through different London bank accounts.

Sean Treacy, the Speaker, warned against naming individuals outside the chamber in a way that might prejudice official investigations. The Prime Minister, John Bruton, urged that members refer such allegations to relevant authorities to be dealt with by due process.

cially from any decision made by Mr Lowry or by his Department."

She then asked if the Taoiseach was made aware that Mr Lowry "held a loan from Dunnes Stores after his appointment as minister." She urged Mr Bruton to publish what Mr Lowry said about his interests when he became a minister in 1994.

Earlier, Bertie Ahern, leader of Fianna Fail, said he was "totally satisfied" with assurances from each of his current front bench that none had been the recipient of the £1.1m London payments. Today he will ask for the same assurances from all members of his parliamentary party and MEPs.

## Virtual talks on Northern Ireland

David McKittrick  
Ireland Correspondent

Northern Ireland politics have just collided with virtual reality in the world of on-line communications, generating a flurry of angry messages whizzing through the ether.

In an electronic echo of what has been happening in political talks in Belfast, members of an on-line discussion forum will this weekend discuss ways of keeping a republican sympathiser out of their proceedings. The group's moder-

ator, journalist and broadcaster Vincent Hanna, is threatening to resign if things are not sorted out. Up to 100 people may take part in Sunday night's electronic conference, which has been called on the issue of support for violence.

They will be able to vote on a motion advocating the exclusion of anyone who advocates or supports the use of violence. Mr Hanna is suggesting that participants should adopt the Mitchell principles - six affirmations of non-violence formulated by talks chairman Senator George Mitchell - as the basis for discussions.

Children to sue ministers over food poisoning

Susan Emmett

Seven children are suing the Government and other organisations after they were infected by the food poisoning bug which has now claimed the lives of six pensioners in Scotland. Their families say the Government failed to warn the public and advise health authorities and NHS trusts about the dangers of E-coli 0157, the bacterium responsible for the food poisoning.

The children, all under the age of eight, contracted the bug in unrelated cases in different parts of England. They were yesterday granted legal aid to sue the Department of Health and the Ministry of Agriculture Fisheries and Food.

Three of them, two from the same family in Liverpool, and one from Gateshead, will also sue the food chain McDonald's and their suppliers McKey Foods Ltd. The other four, from two different families in Stoke-on-Trent, are taking action against the butchers AJ Green and Sons.

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No more cases of meningitis were reported in Cardiff yesterday. The results of tests on 24 students under observation are expected shortly. Three others are being treated for the disease, one was described as "critical but improving". The other two were responding well.



Wet suit: A firefighter cleans himself of asbestos after a minor fire at the Treasury in Parliament Street, Whitehall. Chief Secretary William Waldegrave was among 1,500 people led to safety. Photograph: John Voos

Al-Jazeera

news

'Merry Christmas': poverty behind the presents, grim warnings, advice on bad behaviour and screen wars

# No fun for Disney's £1-a-day workers



**Barrie Clement**  
Labour Editor

The makers of Barbie and Sindy dolls, Action Man and Disney toys have failed to alleviate the "poverty pay and appalling working conditions" suffered by many Asian workers, according to a Third World pressure group.

Despite a code of practice agreed by British suppliers and retailers, staff employed by some foreign factories are breathing in toxic fumes and working up to 24 hours a day to meet the Christmas rush. Others have their pay docked for minor indiscretions and some

factories still employ child labour, the World Development Movement (WDM) alleges.

In a Chinese factory producing Disney toys, one 17-year-old girl earns just over £1 for an average 11-hour a day, seven days a week, the movement says.

Every day Hasbro UK, makers of Sindy and Action Man, spend more on advertising than on the wages paid to 7,000 Thai toy workers.

Staff making Barbie and Disney characters in Thailand continuously lose the right to maternity, holiday or sick pay because the factory dismisses them after 119 days – a day before their entitlement to benefits

is triggered. They are immediately re-employed without their rights.

A Chinese toy worker would have to work three months to earn the £80 we spend on average on toys for one child at Christmas, says the WDM.

Jessica Woodruffe, the WDM's head of campaigns, said British toy companies require minimum standards of product quality to ensure toys were safe for children. "They could also require minimum standards to ensure factories are safe for workers."

The campaign by the WDM – which is funded by its membership, churches and aid agencies – began more than three years ago after 188

workers were killed and 469 injured in a fire at the Kader toy works in Thailand.

Some companies yesterday were commended by the organisation. Sainsbury, the Gap and B&Q were all developing monitoring systems to give safety codes "teeth". Ms Woodruffe said.

David Hawtin, director general of the British Toy and Hobby Association, said the industry was surprised by the organisation's "onslaught". The association had set up a three-person complaints committee in Europe, following assertions by the movement.

Mr Hawtin said that manuals had been issued to factories in southern

China where most of the toy production took place. Factories were encouraged to comply with local laws on working hours, pay and a minimum age for employees. Health and safety seminars had been held.

He said that Hong Kong unions were behind yesterday's WDM report. Employee leaders in the colony had lost their "power base" because toy manufacture had moved to China to take advantage of lower labour costs. Many of the workers were desperately poor and from north and west China, Mr Hawtin said. "They earn more in one month from making toys than they could earn in a year on the farm.

"They work like stinko during the peak season from March to October and they want to work hard. There are always plenty of people wishing to be re-employed."

Lee Hua, a factory manager in Shenzhen city, gave another version to the WDM: "Those peasants are brutes. You have to whip them like donkeys to make them understand."

Chuck Champlin of Disney in California said the movement had given them few specifics. However, he said the company was adamant that manufacturers obey the law in their countries. "We will investigate any allegations of wrong-doing if provided with the details."



Barbie: No maternity rights

## Water down the festive spirit

**Barrie Clement**

Employers should tone down Christmas parties or learn to cope with the resulting fights, sexual harassment, vandalism and drug abuse when festivities get out of hand, according to experts in employment law.

It is no good plying the workers with free drink and then disciplining them for outlandish behaviour afterwards, according to Eversheds, the solicitors.

One couple, who virtually had sexual intercourse in front of their colleagues, won an unfair dismissal case because management had tolerated similar exhibitions in the past, said Trish Embley, an employment law specialist at Eversheds.

The classic case involved Dixons, the electrical chain, which dismissed two of its area managers in London for a "lewd act", involving simulated sex. An Employment Appeals Tribunal found that the men had been unlawfully sacked because there had been a history of "turns in bad taste" at company functions. The tribunal decided that new rules of conduct had not been properly communicated to Dixons staff prior to the party.

Ms Embley warned employers that tribunals "take a dim view" of companies encouraging staff to let their hair down and then trying to discipline them afterwards.

Employers should be particularly wary of providing free drink. Tribunals would always take such a facility into account as a mitigating circumstance when assessing whether the employee's behaviour justified dismissal.

She said that her caseload in the early months of the year tended to be dominated with the aftermath of Christmas festivities which got out of hand.

Her advice to companies was to inform staff about the kind of behaviour that was expected of them and ensure that management realised they had a duty to keep matters under control at the time.

Ms Embley who last night enjoyed her own firm's Christmas party, said: "It is perfectly all right for people to get a bit silly and a bit tiddly, but matters should not be allowed to go to far."



Party season: "It is perfectly all right for people to get a bit silly and a bit tiddly, but matters should not be allowed to go to far"

Photograph: Brian Harris

## Adverts target young drivers' vanity

**Michael Streeter**

wonder if I'm only with him because I'm scared I won't get anyone else."

Under fire from critics who claim that the number of drink-related accidents have stopped falling, Road Safety Minister John Bowis said yesterday they were following research tackling the main group of offenders – young men aged 17 to 24.

Mr Bowis said that young males seemed less concerned whether they killed themselves in an accident. "The research indicates that what does affect them is the thought that they may maim or scar someone else – for example a girlfriend... The woman featured in our campaign has the everlasting reminder of the dangers of drinking and driving."

Ms Raine who wore make-up depicting a heavily-scared forehead and cheek, said that in a "vain" society, the prospect of facial disfigurement played heavily on young people's lives. "It brings home the point that scars are not just for Christmas – they are for life."

The launch of the £1.2m poster and television campaign – at the Metropolitan Police Training Centre in Hendon, north-west London – included a mock road accident handled by fire and ambulance crews, watched by cast members of BBC Television's *Casualty* programme.

A parallel radio campaign will use the carol "Silent Night" as reports of drink-drive accidents are relayed.

The concern for the Government is that despite the success of last year's award-winning campaign – featuring a brain-damaged youth who had been egged on by his mates to have "one more" – the number of drink-related road deaths appears to have levelled out. Last year, the number of deaths was 580, dramatically down from the 1,040 in 1994.

Proclaiming the success of campaigns over 20 years, Mr Bowis said: "The vast majority of drivers over the years have been persuaded by the Government's... messages. We still, however, need to persuade the minority who cause such unnecessary suffering."

Edmund King, RAC head of campaigns said: "After 10 years of declining the drink-drive accident figures have started to plateau. It is essential that we continue with these hard-hitting campaigns and that the police target the hard core of persistent offenders."

Labour's transport spokeswoman Glenda Jackson welcomed the new campaign but re-affirmed the party's view that it would seek to lower the alcohol limit for drivers from 80 nits to 50 nits per 100ml of blood, in line with many other European countries.

Mr Bowis said the level was always under review but did not want to have that debate deflecting from the Christmas campaign.

## The BBC unveils a TV dinosaur

**Marianne Macdonald**  
Media Correspondent

An in-depth study of England's Euro 96 campaign, revealing that the defender Gareth Southgate did not practice penalty kicks before the crucial game against Germany, leads the BBC's Christmas schedule.

*When Football Came Home*, to be shown on 23 December, will be followed by *Jurassic Park* from the Hollywood director Steven Spielberg as the Christmas Day blockbuster film to be screened at 7pm – competing with *The Remains of the Day* on ITV, starring Sir Anthony Hopkins and Emma Thompson.

*Jurassic Park* is part of an estimated £5m deal which includes a screening of *Schindler's List* next year, it emerged yesterday. The BBC's Christmas lineup will also feature the comedian David Jason in a three-part mini series of *Only Fools and Horses* and Dawn French in *The Vicar of Dibley*. The festive fortnight contains almost 200 hours of BBC-originated material, with 37 drama and entertainment specials (including a new adaptation of George Eliot's dark classic *The Mill On The Floss*) and 12 network television film premières.

Scheduled are *The Firm*, adapted from John Grisham's novel and starring Tom Cruise as a lawyer desperate to escape his new employer; the whale movie *Free Willy*; *Cliffhanger*, starring Sylvester Stallone; and *Shallowlands*, with Sir Anthony Hopkins playing the writer CS Lewis. Richard Gere and Judi Dench star in *Saints*. Hollywood's American civil war version of the Martin Guerre story, and Woody Allen's *Manhattan Murder Mystery* and *Genghis Khan*. *Rox* starring Al Pacino and Jack Lemmon will be on BBC2.

On Christmas Day there will be an *EastEnders* special, the annual round-up of *Top of the Pops*, an *Animal Hospital* special presented by Rolf Harris and, of course, the Queen's *Christmas Message* at 3pm.

But Christmas is a key battle area for broadcasters. Michael Jackson, the controller of BBC1, warned:

"We will tinker with the schedule right up until the last minute. We want to make sure we have the best programme combination."

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## politics

# High-profile contenders eye Scott seat

FRAN ABRAMS

Political Correspondent

The hunt for a replacement for deposed Conservative MP Sir Nicholas Scott will begin today, sources in the former minister's Kensington and Chelsea constituency said last night.

Notices will go out to begin the selection process for a new MP to represent the area after the general election, when Sir Nicholas will stand down. There are likely to be a number of high-profile contenders for the seat, which is one of the safest in the country.

Party members refused to back Sir Nicholas's continued candidature on Monday night. The move to deselect him came after he was found lying face-down on the pavement after a drinks reception. Although he pleaded that a moderate amount of wine had reacted with medication he was taking, many people felt the incident was the last straw. It followed a drink-driving conviction earlier this year.

Sir Nicholas told a packed meeting at Kensington Town Hall that he had given up drink completely, but he was defeated by 509 votes to 439.

Yesterday Andrew Dalton, constituency chairman, said a new candidate for the seat would be selected before the end of January. "We are wasting no time at all," he said.

Mr Dalton said the 130-strong executive council of the association would meet next week to set up a timetable for the selection process, and the post would then be advertised to people on the Conservative

Party's approved list of candidates. The final stage would be a meeting at which a minimum of four contenders would address party members, and at which a ballot would be held.

Mr Dalton, who denied rumours that he was planning to stand for the seat himself, said the move to unseat Sir Nicholas was unconnected with his reputation as a "scot". He also described as "nonsense" the suggestion that the seat was being kept warm for the return of Chris Patten, currently governor of Hong Kong.

"I don't think that Nick was deselected because of anything political. There was a feeling that he was becoming accident-prone, and he had indicated that he was only going to stand for one more parliament," he said.

Among those whose names were being mentioned as possible successors last night was the Northern Ireland minister, Sir John Wheeler, whose Westminster North constituency has been affected by boundary changes. Sir John's office said last night that he was not commenting on the rumours.

Other possible numbers could include Hartley Booth, the MP who succeeded Margaret Thatcher in Finchley and who has also been hit by boundary changes, Terry Dicks, MP for Hayes and Harlington, who has a majority of just 53, and Alan Clark.

Last night Mr Dicks confirmed that he was thinking of standing, although few commentators believe he will be selected.

"Of course I am interested and yes I will apply. Then we will allow the selection committee to make their choice," he said.

## PRIME MINISTER'S QUESTIONS SCORING THE EXCHANGES



**John Major**  
9/10

Major was disarmingly frank and to-the-point: "It is right to give the Prime Minister credit for such a clearly...". His first few words. Although Major made his conventional attempt to be rude to other questioners, his candour was refreshing.

If Major wanted Blair to offer a hostage to fortune, then Blair got what he wanted. But it seems more likely he wanted Major to equivocate - then his plans were thoroughly scuppered.

### THEMES OF THE DAY

- Labour's plan for GP fundholding (Peter Bottom, C, NE Milton Keynes)
- Direct taxation as a proportion of average incomes (Clive Betts, Lab, Sheffield Attercliffe)
- Council tax levels (John Marshall, C, Hendon S)
- Taxation on the poor (Andrew McGlynn, Lab, Thirsk)

### BLAIR'S ATTACK

Not so much an attack - more a couple of issues Blair wanted clearing up. He asked Major to confirm that the refusal to rule out joining the single currency in the next Parliament remained unequivocally the position of the government. "That remains unequivocally the position of the government," replied Major. Blair sat still for a couple of moments before rising to ask whether Major agreed with Michael Heseltine's pledge given on the radio several hours beforehand that the position would not change. The reply: "My Right Hon Friend said that that is our position". Blair had no third question.

### GOOD DAY



### BAD DAY

**Clive Betts** - Said Commons library figures showed that direct taxes paid by an average family have risen not just in real terms, but also in proportion to average earnings. Major replied that the figures were distorted by people moving up the tax bands, and that "they are £1,100 better off next year than before the last election".

### THE QUIP OF THE DAY

**Edward O'Hare** (Lab, Knowsley S) who asked if Major would confirm that in order to qualify for all the 25 Tory tax cuts a taxpayer must have a small company, drive a vintage car and be dead?"

### THE UNANSWERED QUESTION

**What was Blair up to?** David Sumner (C, Bury S) asked, as it was the Bury and Bolton Chamber of Commerce's Christmas lunch on Friday, would Major send them congratulations for their economic success over the past year, and best wishes for a new year of greater prosperity under a new Conservative government. Major, to his credit, neglected to answer.

### THE CREEP OF THE DAY

**Dr Robert Spink** (C, Castle Point) "On the day in which the Palace is graced with the presence of the forces' sweetheart Dame Vera Lynn, would my Rt Hon Friend send a message of goodwill to every one in the armed forces who will be serving over Christmas?"

Compiled by Ben Stansfield



Community care: MP Ken Livingstone talks to Rachel Goldberg, who is supported by Norwood Ravenswood, the new £1.7m Jewish learning-disability charity. Photograph: David Rose

Party's health spokesman says he wants 'joint consent' as he outlines proposals for the NHS

# Labour set to scrap fundholding

Colin Brown  
Chief Political Correspondent

GP fundholding could be scrapped within two to three years of Labour taking office, Chris Smith, the shadow health secretary, said yesterday in the clearest statement so far of Labour's plans for the NHS.

Fundholding GPs, the Prime Minister and Stephen Dorrell, the Health Secretary, attacked the plans, which mark a shift from outright abolition of fundholding threatened by Labour

ning services for their area. He made a distinction between single-handed GP fundholders, who would be told to join commissioning GPs, and fundholding groups who may be allowed to continue. "That is one of the reasons why it is important to try to take people with us. It is going to be evolution rather than revolution."

Mr Smith said there were circumstances in which fundholding could be allowed to continue, if it was with the agreement of the other GPs in the area. "Ultimately, if we had a number of GP contractors saying we are not going to go with these locality groupings, we might have to say, 'Sorry, you have to'. And there is provision if you have everyone else in a partnership who agrees and it is within the guidelines of the locality group for you to con-

tinue."

Mr Smith will seek to introduce an NHS Bill within the first year of a Labour government to change the present framework of 100 health authorities, possibly reducing their numbers, and turning them into more strategic bodies responsible for promoting public health and monitoring performance of GP commissioning groups. But he disclosed that he envisages using the Government's own NHS Primary Care, which received a second reading in the Lords last night, to introduce pilot schemes for joint commissioning before the gradual change took place.

In a speech setting out his plans, Mr Smith told a London conference: "Our plans for GP commissioning would eliminate the two-tier system which GP fundholding has created and

which has led to many hospitals imposing longer waits for treatment for the patients of non-fundholders."

Local commissioning groups should also be properly accountable to local voices so that the views of patients and residents were taken into account."

Mr Dorrell said there was a raft of unanswered questions following Mr Smith's speech.

He said it was unclear whether commissioning groups would be allowed to retain any budget savings and what incentive there would be for better purchasing.

Clive Parr, of the National Association of Fundholding Practices, warned there would be resistance from GP fundholders.

A recent poll of fundholders showed quite clearly that the vast majority of fundholders oppose the concept of commissioning groups," he said.

Dr Judy Gilley, joint deputy chairman of the BMA general

medical services committee, said: "We would wish to see the evolution to local commissioning groups is voluntary, piloted and protects the best interests of funding practices as well as non-fundholding practices."

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medical services committee, said: "We would wish to see the evolution to local commissioning groups is voluntary, piloted and protects the best interests of funding practices as well as non-fundholding practices."

Labour's plans to reform the internal market include:

- Longer-term agreements of three to five years, to replace the annual contracting round.

- An end to individual patient invoicing and extra-contractual referrals procedures.

- The disappearance of many management tasks from GP practice level, health authority level and hospitals

- Consideration of a reduction in the number of health authorities

- A reduction to one-tenth of the present number of agreements and contracts in the health service.

# GPs offer hospital cash from funds

Louise Jury

Fundholding GPs in a health authority forced to half heart operations because of a cash crisis have millions of pounds of savings. The *Independent* has learned.

GPs in Oxfordshire are expected to be able to carry a £3.1m surplus from last year into next - while Oxfordshire Health Authority predicts a £3.1m deficit for the financial year.

The authority's problems have forced the John Radcliffe Hospital in Oxford to stop all non-urgent cardiac surgery this month except in cases where GP fundholders are guaranteeing payment. It has asked fundholders whether they will hand over some of their spare cash to help and a donation of £200,000 has been agreed.

Dr Sian Griffiths, the authority's director of public health and health policy, and Nick Reijntjens, the finance director, said the situation highlighted "nonsense" in the fundholding rules which unfairly favoured fundholders.

Unlike health authorities, fundholders are allowed to carry savings through to the next

financial year. They also carry less financial risk as they are not responsible for emergency provision, which has seen a major increase in recent years, or services for patients, including mentally disordered offenders.

Dr Griffiths said: "It's not the fundholders' problem that the system is so different, but the pressures do not fit fundholders in the same way."

Nick Reijntjens said the problem was potentially even greater

than the cash crisis, as the authority has to pay for the new hospital.

The wedding list, long the domain of fashionable couples seeking useful gifts as opposed to 20 toasters, has been adopted by an NHS Trust hospital. The League of Friends of Barnet Hospital in north London has issued a medical "shopping list" for the public in its "Make a Million" campaign.

Where the wedding list might concentrate on decent china or cutlery, the Barnet shopping list is asking the public to raise cash and buy every-

thing from basic stethoscopes to expensive ultra-sound scanning machines identified on the medical gift list.

Geoff Martin, campaign director of the London Health Emergency lobbying group, criticised the shopping list appeal yesterday, stating: "At a time when the Government are telling us that they are pumping funds into the NHS we've got a prestigious new hospital begging the public to stump up cash for basic medical equipment."

Mr Martin claims that the "shopping list" equipment will eventually become the property of the private consortium who ultimately are accountable to shareholders.

Sue Macmillan, operations director of the Wellhouse Trust, denies the public are being conned.

"The equipment that is donated to the trust - and there is clear evidence that people have a need to give - will remain the property of the trust." She said that the trust would eventually face a lease bill for the new hospital and for equipment. "Essentially the more equipment we own, the

less red. This is another reason why we are going to replace fundholding with a more equitable system of GP commissioning."

The cash crisis in Oxfordshire comes as evidence of the funding shortfall emerges across the country as predicted by doctors and health service managers last month.

Fazakerley Hospital in Liverpool has postponed all non-urgent operations after 14 patients had to spend the night

in casualty because of a beds shortage last month.

The Queens Medical Centre in Nottingham has suspended routine operations for the whole of November and December - an estimated 350 operations.

"They are not cancelled completely, but if we carried on we would completely run out of money," a spokesman said.

The Royal Devon and Exeter NHS Trust banned non-urgent elective surgery in August and will be performing no more until the start of the next financial year.

A 10 per cent increase in emergencies would mean an additional £600,000 bill for the North and East Devon Health Authority, its major purchaser.

"They did not have the money, so they requested we stopped all non-emergency work," a spokeswoman said.

In the Southampton University Hospitals NHS Trust, some cardiac surgery has been put off because there was no money to pay for it. And the United Bristol Healthcare Trust has slowed down the rate of its routine surgery, extending waiting lists to a maximum 18 months, to help limit its projected £500,000 deficit.

# Hospital's wish list draws flack

James Cusick

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# Caught on camera: Terence Conran's £100 snaps



Snap happy: A selection of the photographs of 'favourite things' taken by Sir Terence Conran in his apartment. The Independent acquired the pictures through a ground-breaking initiative arranged by the Photographers' Gallery



New role: Sir Terence Conran, photographer

## Elizabeth Wine

Ever wondered if the snaps of the famous come out any better than yours? For £50-100 you can find out. The Photographers' Gallery in London gave several designers, photographers and celebrities throw-away cameras with just one instruction: shoot at will.

The cameras are being returned, autographed, and are on sale to the public until 10 January. The gamble the buyer takes is to process—and lose the camera and autograph—or keep the hit of plastic and never know what the photographer saw through the lens.

The Independent gambled £100 on design guru and restaurateur Sir Terence Conran's offering and found an eclectic collection of pictures taken in his apartment in ten minutes over a lunch hour.

Sir Terence was startled to hear that a newspaper had bought the camera, and said he was relieved he hadn't followed his original idea for an erotic

portfolio. "I had thought it might be nice to do a Marquis de Sade kind of thing, give somebody a shock if they developed the film, but I resisted. I thought there's enough of that stuff around already."

Sir Terence took 27 pictures of his 'favourite things' which ranged from an ordinary gas ring to a woman called Victoria Davis with whom he has been romantically linked in the gossip columns.

The Michelangelo man graces two of the snaps. "Monsieur Bibendum is my hero," Sir Terence said, recalling the opening of his first Habitat shop in 1964 across the street from the old Michelin building, then in a bad state of disrepair. He often gazed across at the old building "with great love and envy" and dreamt of it in a glorious state.

In the mid-Eighties, he realised his dream, bought the building and put his Bibendum restaurant and Conran store in it.

Other pictures capture ordinary items like his lunch, a piece of pink beef and a bottle of red

wine ("I'm all for supporting British beef"), and a smoking cigar in an ashtray. Other favourite things include an African shield, a steel model of a lobster bought in France and an enormous plane eight feet across hanging in a skylight.

*Objets d'art* feature in many shots, including one frame filled entirely with a blue wavy painting bought from a Royal College of Art student show. He also snapped several white vases, a Japanese red lacquer box and two heads by his friend, the sculptor Edward Paolozzi.

Other guest shooters for the "One Careful Owner" sale include talkshow host Jonathan Ross, Body Shop founder Anita Roddick, designer Paul Smith, Jools Holland, photographers Sulky Best, Dorothy Bohm, Michael Kruger, Calum Colvin and the photojournalist Dario Mitidieri.

Ironically, the cameras used by designers and entertainers cameras sell for £100 while those wielded by the professionals fetch only £50.



Mystery packages: Cameras for sale at the gallery. Photographs (above and left): John Voos

## Staring eyes clue to road-rage murder

Charlie Bain

The fiancée of road-rage victim Lee Harvey yesterday made an emotional appeal for the capture of the man who stabbed her boyfriend to death after a car chase down a deserted country lane.

Speaking to journalists for the first time since the attack, Tracey Andrews, 27, described the killer as having "starey eyes" and said that he could quite possibly have been on drugs.

"He didn't seem normal," she said. "I can't say he seemed drunk but it seemed to me he wasn't normal as if he had taken something."

Ms Andrews, who was punched by the killer and suffered two black eyes in the assault, described Mr Harvey as "a lovely, kind, generous man" and said the couple had planned to marry next June. "This is the most stupid, vile thing that could come out of just a car chase," she added.

Mr Harvey, of Alvechurch, Worcestershire, was attacked by a passenger in a "party" Ford Sierra late on Sunday night after the driver had followed his Ford Escort for several miles flashing its lights.

When he got out to confront the driver, the passenger got out and stabbed him 15 times in the throat, body and face, leaving him to die on the roadside.



Tracey Andrews: 'Life ruined by stupid and vile attack'

She said a passenger from the car walked up and hit Mr Harvey which prompted her to challenge the man.

"We had a confrontation and he hit me," she said. "When I got up he was walking back to the car and Lee was lying on the floor."

The driver walked off. It was nothing to do with the driver, and I want to say will the driver of the car come forward because you are out to blame for this and I know that because you walked away."

"But you obviously knew him [the killer]. He has ruined my life and he has ruined the life of Lee's parents. It was not your fault. Please come forward."

She described how she put her coat over her fiancée and comforted him as he lay bleeding on the ground: "I was just in a state of shock myself. I knew it was bad because I saw a lot of blood."

Detective Superintendent Ian Johnston, leading the hunt for the killer, said the response to appeals for witnesses had so far been slow although several names had already been put forward for the driver and the attacker.

The killer is described as a white male 5ft 9 inches to 6ft tall, very overweight and wearing a dark thigh-length donkey jacket. He spoke with a Birmingham accent and would have been heavily bloodstained following the attack.

## Language shame of top companies

Seventeen companies and organisations were yesterday publicly named on the Plain English Campaign's first "list of shame".

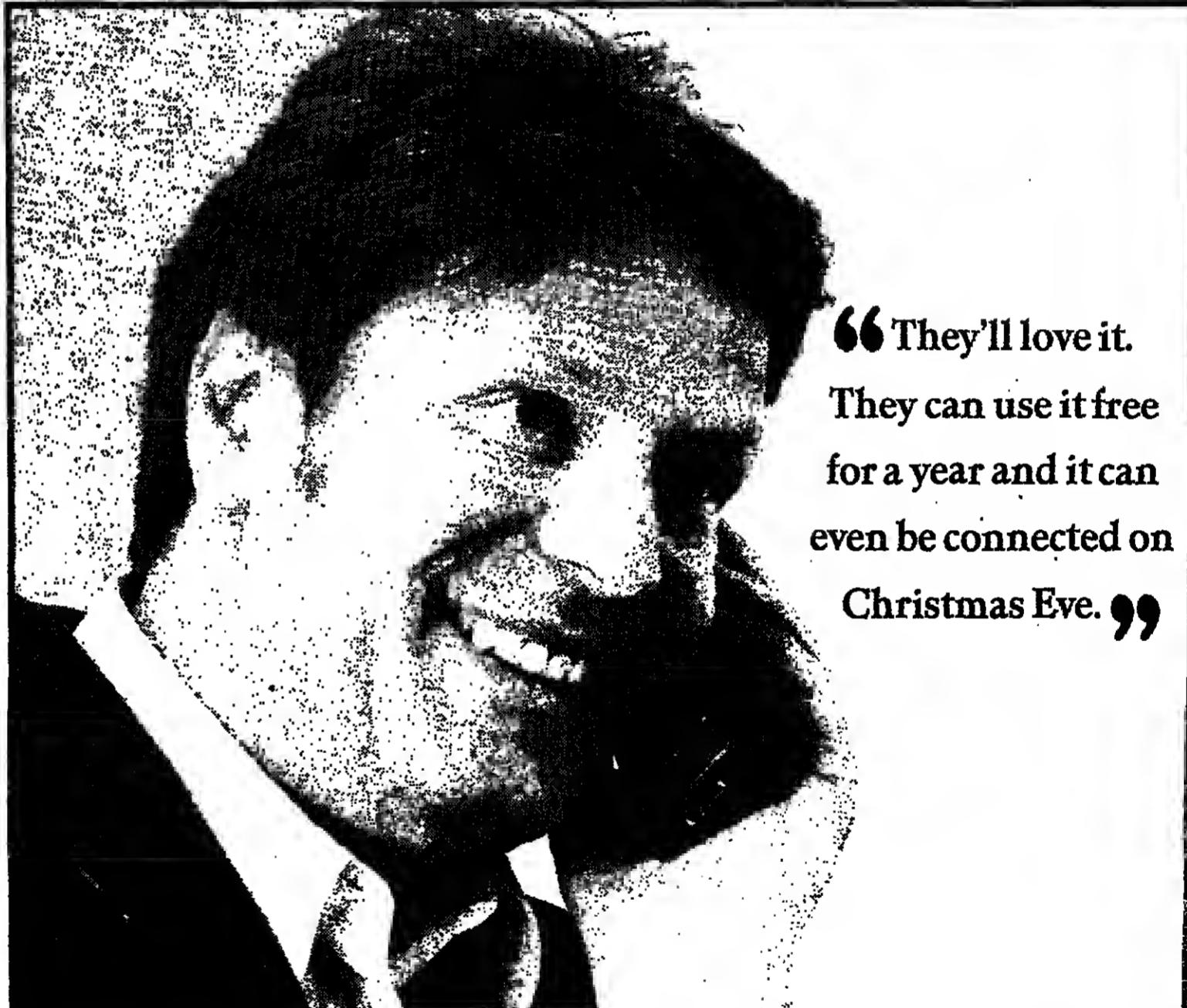
Among the organisations were the National Police Training Centre, Commercial Union, Bradford & Bingley Building Society and the Co-operative Bank.

The campaign published its first "list of shame" to embarrass firms into producing leaflets, reports and letters in plain language.

It appealed to people to send in more examples, with the battle cry: "You name 'em, we'll shame 'em."

Among the more choice examples of jargon were:

□ "Quality assurance" (sic) may be defined as all the planned and systematic activities



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## news

Official papers reveal picture of selfish and indiscreet man who embarrassed Britain



The Duke of Windsor Inspecting a German military training school at Grossesee

## Duke who just could not be beastly to the Nazis



The duke and duchess meeting Adolf Hitler in 1937

Photographs: Hulton Getty

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### John Crossland

The 1945 Labour government desperately tried to conceal evidence of the Duke of Windsor's ambivalent attitude towards Germany during the early part of the Second World War, according to official papers released yesterday.

A top-secret file from the private papers of Ernest Bevin, Foreign Secretary, which had been ordered to remain closed for a century, was opened at the Public Record Office in Kew.

German diplomatic papers

found at Schloss Martberg by the American occupiers in May 1945 had shown up the duke's ambivalent attitudes to a continuation of the war - sympathies which had encouraged the SS to launch "Operation Will", with a view to luring him on to Spanish territory, where he would have been kidnapped.

Other private papers relating to the duke's peace-feelers are believed to have been secreted from the home of the Royal Family's German cousins at Schloss Coburg by the spy Anthony Blunt. (They may surface after the century set for release of the abdication papers.)

A dramatic personal testament to the duke's indiscretions was revealed yesterday in a minute sent to the Foreign Office via the Lisbon embassy in April 1943. A count Nava de

Tajo, described as "an agreeable young Spaniard" who was formerly an employee of the League of Nations, had told an embassy official that the duke had "expected the British Cabinet to resign in the near future

and expected to see the creation of a Labour government which would enter into negotiations with Germany. He expected also that King George VI would

abdicate, following a virtual rev-

olution brought about by the fact that the ruling classes had utterly disgraced themselves and that he the Duke of Windsor would be summoned to return to England to occupy the throne."

De Tajo continued: "HRH would speak of how England would become the leader of a coalition consisting of France, Spain and Portugal while Germany would be free to march against Russia."

The report went on: "HRH at dinner, I was got rid of by the Tories, and expressed himself with some force about the present Queen of England [the Queen Mother] whom he termed 'an ambitious woman'."

In a plea to Clement Attlee, the Prime Minister, to have the Windsor file exempted from the release of German war-time documents, Bevin urged the objective "to try to persuade United States government to co-operate with us in suppressing the documents concerned. They would possess the highest publicity value on account of the personalities involved and the types of intrigues described.

Any disclosure would in my

opinion do grave harm to the national interest."

Bevin said that a diplomatic initiative with the American occupation authorities was not enough. "We should go to the lengths of asking the US government whether it would be willing that the file should be destroyed or at least handed over to us for safe-keeping."

The American State Department, through Britain's ambassador to Washington, Lord Halifax, put Bevin in his place.

"It appreciates the reasons which prompt the British government to wish to restrict circulation of certain documents but it cannot discount the importance to the history of the war of the German manoeuvres for a negotiated peace at that time. It would be unlawful for the secretary of state to authorise delivery of them to the British government."

Judge Jackson, the American prosecutor at the Nuremberg trials did, however, go along with a cover-up by promising not to raise the Windsor issue at the hearings.

The papers show that

Churchill made overtures to find the duke a role as an ex-officio diplomat, a plan crushed by Bevin after an interview with the king. Attlee was told on 13 October, 1945 that the king asked Bevin about the possibility of the Duke of Windsor being made ambassador to Washington. Bevin replied that he didn't think "HRH should be given such employment". "The king", said the memo, "expressed satisfaction with the arrangement."

Archibald Clark-Kerr, who was given the appointment, was told bluntly: "this is to warn you in case HRH approaches you on the matter [of an appointment]. He should be given no encouragement." Clark-Kerr was told to burn the telegram.

The pattern of the duke's future life, with its extravagance and peregrinations, emerged as soon as Germany surrendered and the concern it caused a Labour government presiding over an austerity programme is vividly caught. The Treasury asked the Cabinet for approval for an overdraft of £5,000 which the duke had asked to be forwarded to his Paris account at Lloyds Bank.

Pierson Dixon, senior diplomat at the Foreign Office, minuted: "The Treasury explain that there is no exchange problem involved but they naturally feel hesitation about the large sum of money being made available to the duke in France when ordinary British subjects there are severely restricted. It is reasonable

I think that the duke and duchess should have ample facilities than an ordinary British subject. It is really a question of degree. If they now proceed to live on an extravagant scale, going in for large scale entertaining and spending large sums on the decoration of their house, there is bound to be criticism..."



Winston Churchill: Tries to find the Duke a role

## Officer shot unarmed suspect

### Jason Bennett Crime Correspondent

An armed policeman shot and fatally wounded an unarmed suspect car thief in a busy street, a court heard yesterday.

The case is believed to be the first time a police officer has been charged with murder for an offence allegedly committed while on duty.

PC Patrick Hodgson, 49, shot David Ewin, 38, twice in the arm and stomach with a handgun in what a fellow police officer believed was out an armed incident, a jury at the Old Bailey

was told. PC Hodgson has denied murdering Mr Ewin, who died two weeks later in hospital from internal injuries.

After the shooting PC Hodgson kept repeating "Why didn't he do as he was told?" and that he had no choice, said John Bevan, prosecuting. But, the prosecution told the jury, "If shooting Ewin was the only option, it is tantamount to saying that any car thief, driving recklessly, may reasonably be shot by a police officer."

PC Hodgson was part of a three-person crew of a Metropolitan Police armed response vehicle that had spotted a reportedly stolen car in Barnes, south-west London, in February last year. Mr Ewin ran out of a shop when the police arrived and got into the stolen Toyota.

PC Hodgson and his colleague PC Patrick Kelly had got out of their vehicle. The court heard that PC Hodgson managed to grab Mr Ewin round the neck through the open car window. There was a brief struggle. PC Hodgson was in danger of being squashed between two cars and he began smashing his gun against the windscreen and shouting "armed police" before

jumping clear and going around to the passenger side of the car.

PC Hodgson took up a crouched stance at the passenger door pointing his gun at Mr Ewin. PC Kelly described himself as "...confused and shocked because at no time did he regard what was happening as an armed incident," said Mr Bevan.

Two shots were then fired.

PC Hodgson said he shot Mr Ewin because he feared for his own life and civilians. But, Mr Bevan said, PC Hodgson and members of the public were not in danger from Ewin.

The case continues.

## Free memory. Don't forget to call.

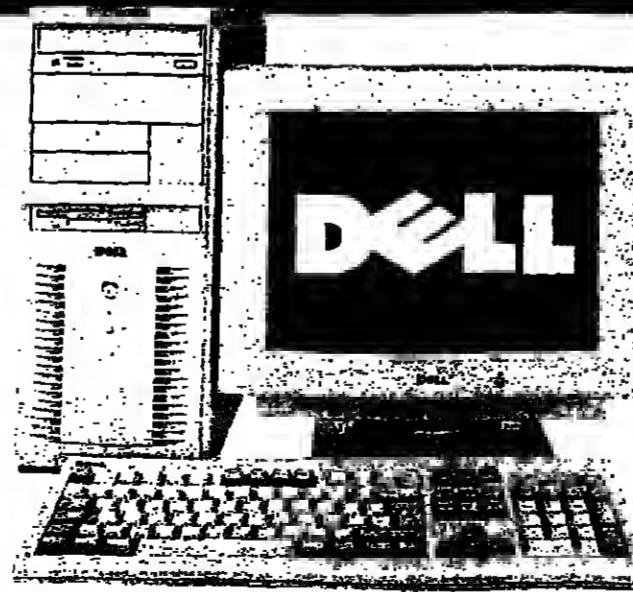
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## news

# Co Durham's Corbusier seeks to heal rift over troubled bridge

Nigel Burnham

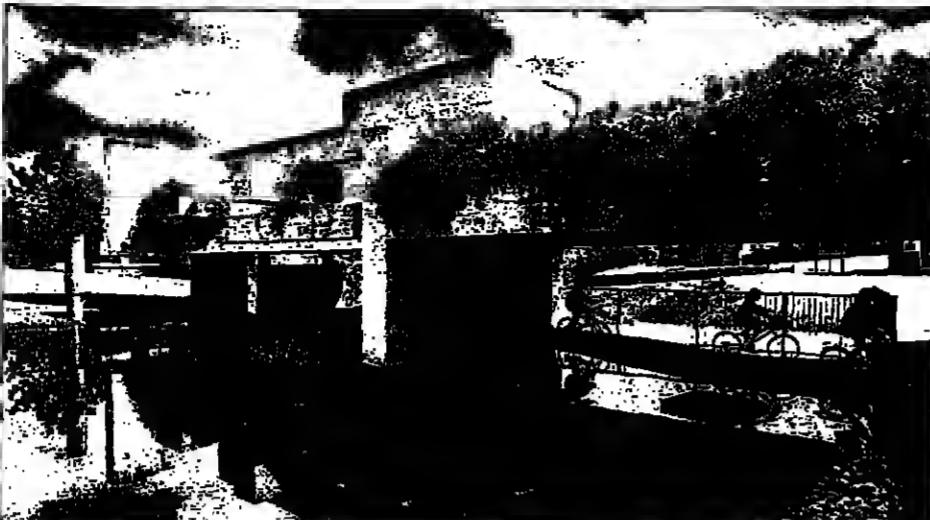
On the eve of his 88th birthday, the artist and sculptor Victor Pasmore has broken his silence over the fate of a concrete folly proclaimed by English Heritage as "an internationally important masterpiece", but derided by local people as "a slimy old bridge" that should be demolished.

The Apollo Pavilion in Peterlee, County Durham, was conceived by Pasmore, a major figure of the post-war British avant garde, as "an architecture and sculpture of purely abstract form through which to walk, in which to linger and on which to play".

Built in 1963, it was the artist's post-modernist contribution to Peterlee, Durham's only new town where, eight years earlier, Pasmore had been appointed consulting director of urban design.

The "Corbusier of County Durham", then Master of Painting at Durham University, wanted to bring some cheer to the lives of the miners relocating from grimy pit villages. But to residents of the Sunny Blunts housing estate, which Pasmore also helped to plan and design, the pavilion and the polluted pond it spans has brought only hostility and misery as a target for vandalism and a meeting place for glue-sniffers and teenage courting couples.

Easington District Council feels the same way. It is objecting to English Heritage's de-



Concrete bungle? The Apollo Pavilion – both loved and loathed. Photographs: North News

cision to recommend to Virginia Bottomley, the Secretary of State for National Heritage, that the sculpture should be listed Grade II\*, taking the view that the pavilion has no architectural or historical merit to warrant preservation.

It has asked the Government's Conservation Agency to abandon its plans to list the sculpture and assist instead in its demolition.

Joan Maslin, a district councillor who represents Sunny Blunts, is the pavilion's fiercest critic, having campaigned for 14 years for its removal. It is her fight to have his pavilion demolished which has prompted Pasmore to defend his work for

the first time since 1982 when, on a visit to Peterlee, he said the vandalism had humanised his work, demonstrating its acceptance by the community.

In a letter to Mrs Maslin, written from his retirement home in Malta and prompted by an article in *The Independent* in September, Pasmore explains that the pavilion, together with the lake, were designed to form a "non-utilitarian" centre for the Sunny Blunts housing estate.

"One of the main problems of urban design," he writes, "seemed to me that there is no emotional centre like that provided by the Church in the past by its cathedrals. Who [it

was] decided to turn the stream running through Sunny Blunts into a lake I thought if its existence was emphasised by a large sculpture it might function as a purely visual centre. This led to the idea of a pavilion..."

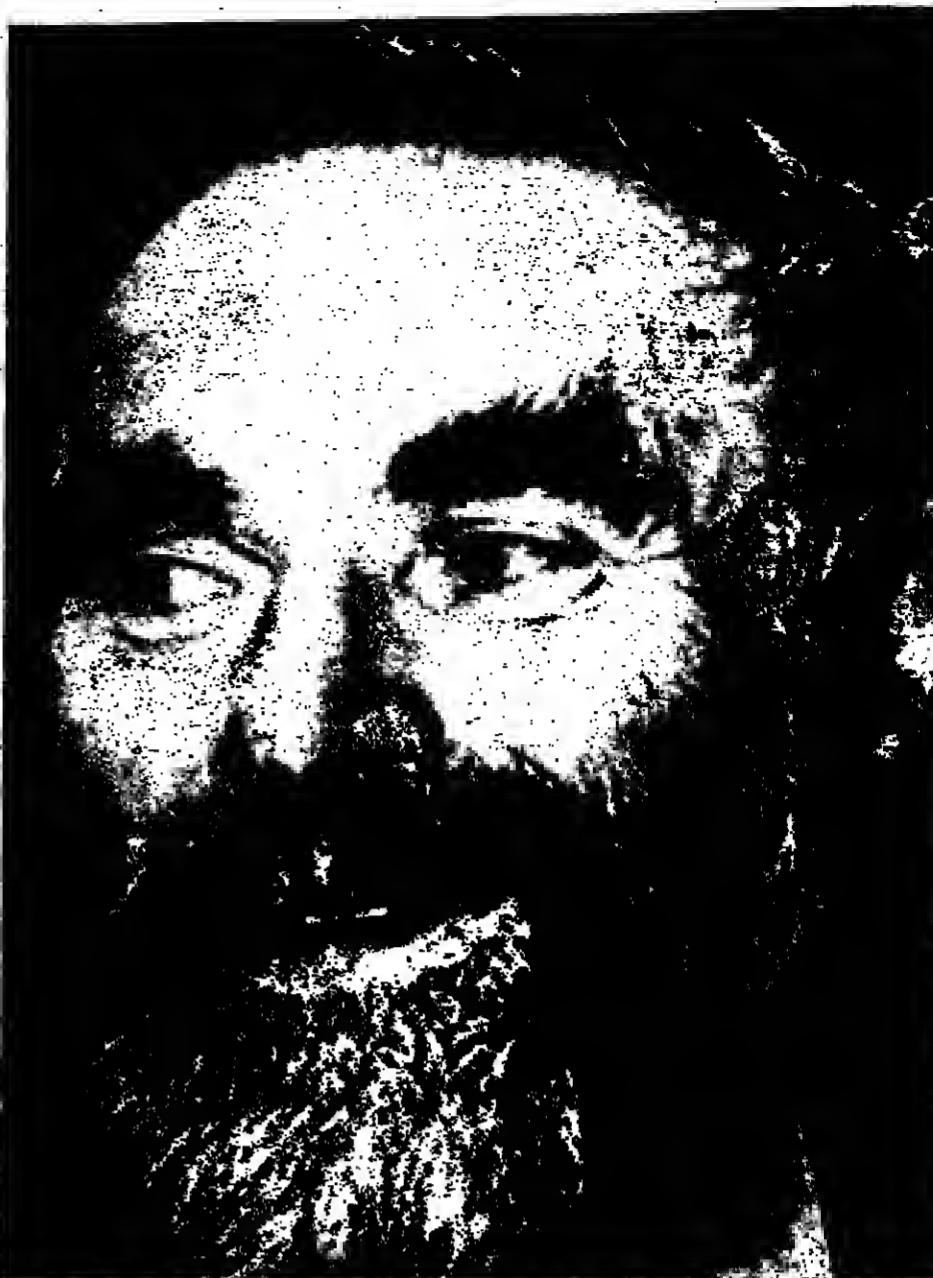
"At that time the maintenance of the building was undertaken by the corporation itself so that it served as a kind of centre very well. But the trouble started when children and boozers began to scribble over the interior walls upstairs with words and images, some of which were obscene. Naturally, this infuriated the residents living around and of course the local council... I apologise for my

design being distasteful to you but I had to do something modern. To have put up an imitation Greek temple, a Gothic church or a Georgian mansion would have produced equally strong objections from a different source. I hope, therefore, you will have another look at the pavilion!"

Although flattered to have received Pasmore's letter, Mrs Maslin remains unmoved. "The reason why the sculpture was put here in the first place doesn't mean anything to the people – most of whom are pensioners – who live here. It is all very well these famous artists and architects designing things and getting a fat fee, but it's ordinary people who have to live with the consequences of the desolation they create."

"All people here think of the pavilion is that it is a heap of dirty, slimy concrete covered in graffiti which youths climb up to have sex on, and from which to urinate on passers-by. It should be destroyed and forgotten about, not preserved."

Blain Harwood, an English Heritage historian, could not be contacted yesterday, but recently insisted that the sculpture was national treasure which needed to be restored and properly managed and maintained. "It's an absolutely unique work of considerable international importance," she said. "It was an extraordinary thing to put up in the heart of a new town. There isn't another piece of public sculpture like it anywhere in the country."



Victor Pasmore: 'An imitation Greek temple would have produced equally strong objections'

## Jail warning for stalker who terrorised woman

An obsessive stalker was warned by a judge yesterday that he faces a "substantial" jail sentence after being found guilty of waging a four-year campaign which left his victim in fear of her life.

Peter Smith, 51, a restaurateur of West Wickham, Kent, once sent the woman a miniature cardboard coffin and on other occasions sent her offensive presents and literature through the post. The father-of-three's relentless pursuit of the terrified woman, 40, no less than 300 occasions, left her emotionally scarred for life.

Her trauma was so severe it amounted to actual bodily harm, the jury at Knightsbridge Crown Court decided. But it cleared him of a more serious charge alleging grievous bodily harm as well as a second count of causing actual bodily harm relating to an allegation that he drove his car at her.

Remanding Smith in custody for social and psychiatric reports, Judge Richard Walker, said: "You face a substantial prison sentence unless it becomes apparent to me that it is appropriate that your case should be disposed of under the Mental Health Act."

He added that having seen the way he conducted himself in the witness box, it seemed there were grounds for having "soocem" about his future behaviour. As a result the judge thought it would be a good idea if his eventual sentencing remarks were used for granting a "permanent injunction" banning him from ever contacting his victim again after his release.

Smith's campaign of "intimidating, calculated and cruel behaviour" started in September 1992. The 48-year-old mother of two told the jury it began with repeated calls to both her London home and office.

For a while his behaviour was little more than annoying. But things took a more serious turn when he posted her a toy-sized coffin together with a box of matches and a note which read:

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Collector's item: The dress which Ekland wore for her wedding (above) to Peter Sellers in 1964 went on sale (right) at Christie's in London yesterday

## Sixties icon puts her past on sale

**Marianne Macdonald**  
Arts Correspondent

The short, flower-encrusted wedding dress worn by Britt Ekland for her 1964 wedding to comic Peter Sellers was put up for sale by the Swedish actress last night as part of a bid to "simplify her life". Acclaimed as one of the world's most beautiful women, she also sold photographs documenting her work as a model, marriage to Sellers and motherhood.

Many of the clothes offered by the icon, who also partnered the singer Rod Stewart, recalled her heyday in the 1960s and 1970s: long, lace frocks, sequinned ponchos and multi-coloured jerseys. Also up for grabs in the auction, held at Christie's South Kensington, were leather shoes, handbags and jewellery, a brass double bed, and Rod Stewart gold and platinum presentation discs.

Collectors could even buy a brooch outline of Ekland's lips, by sculptor John Cottier, who sold replicas in bronze, aluminium and plastic with the slogan "Shut your eyes and imagine it's Britt you're kissing".



## Too many students pass with honours

**Judith Judd**  
Education Editor

What is a graduate? Academics involved in a two-and-a-half-year study of graduate standards have had difficulty in deciding.

They have come up with a list of possible characteristics, such as the ability to analyse, investigate, create products. They also suggest that graduates might be emotionally resilient, enterprising, able to work in teams and to empathise. And, of course, they need a knowledge of their subject.

The difficulty, says the group in a report for the Higher Education Quality Council published yesterday, is that some of the attributes could equally well belong to people who have never been near a university.

While understanding the limits of a subject or knowing about contemporary research might be exclusive to graduates, critical and analytical skills are found at every level of education.

The group decided that it was impossible to come up with a single check-list of graduate characteristics, although they thought they did have something that other people lacked. Or rather they should have.

At present, the draft report says, some of those who get low-class or pass degrees do not possess distinguishing characteristics. It recommends a review of classification, establishing minimum standards which might mean that students who at present get thirds and passes would not qualify as honours graduates. There would be another system of awards below that threshold.

It is the first attempt to promote nationally acceptable

thresholds in universities and to address concern about differing degree standards since the rapid expansion of the system.

Roger Brown, the council's chief executive, said: "We want to avoid the situation where certain degrees from certain institutions are not tradable currency. That is what is under strain."

Eighty per cent of students are now on honours' degree courses compared with 40 per cent in the Sixties. "The balance of honours-level degrees ... seems out of line with the needs of an expanded higher education system," the report says.

It argues that there is no way of knowing whether the standard of one degree in a given class in a given subject is comparable to that of another institution; still less whether there is comparability between subjects over the passage of time". Universities determine their own assessment policies but all use external examiners. The report says that the influence of external examiners has declined and needs strengthening.

Another proposal is that, to establish benchmarks for general skills, graduates might be given aptitude tests before going on to postgraduate study or employment such as those in use in the United States and in British business schools.

Professor John Stoddart, the council's chairman, said British universities might be accused of shooting themselves in the foot by posing some of the questions raised in the report. "Many other countries have blindfolds over their eyes. We have identified the challenges and that puts us far ahead of other countries," he said.

### DAILY POEM

#### From Nothing to the First of You

By Glyn Maxwell

Where Nothing wants you, walls it doesn't,  
howls you into wretched hugging,  
strips you from the sea to merely  
sting you back half-stiff half-orphan -

When Nothing cowered and humped in coves  
and mapped your mazy plunging progress,  
made a boat of bone of fishbird,  
wrecked it undershoe and shivered -

Something drew you, drew you on,  
set down the silver bobbing throne  
on somewhere, cast you cold about it,  
something had become expectant -

All your evil, ice and failure,  
all your slaughterous fool palaver,  
rotto anger, righteous hunger,  
death hot, death cold, death in armour  
better this than nothing ever -

And Nothing knows it when it's lonely,  
plunging progress of tomorrow's  
torment in a vein of envy,  
hates you with a smile while sleeping -  
shakes that digging dream of something,  
aches all morning of its echoes,  
scratched out then out your surname  
stuck in a loveheart, loving Nothing.

In August 1994 Simon Armitage and Glyn Maxwell set out for Iceland to retrace the journey made by WH Auden and Louis MacNeice 60 years previously. The result is *Moon Country* (Faber, £7.99), a prose and verse portrait of contemporary Iceland and one of the year's more imaginative travel books.

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## international

# Tyrolese enraged by cost of the drive to unity

**Steinach** – High above the Austrian alps, there are lorries in the sky. Alpen Appel, a 40-tonner, is passing through a mountain cloud. A solid line of trucks snakes over the Tyrolean village of Steinach every day, spanning a dramatic bridge, on the edge of the Brenner Pass.

"There are more and more each year," said Hubert Rauch, the mayor, who points to where trees are dying of pollution. He realises the traffic will be worse when the euro comes. As trade increased, spurred by the single market and open frontiers, the volume of goods passing through the Brenner Pass reached 30 million tons. When currency barriers fall, traffic is expected to double by 2020.

Not only is this shattering the peace and ecology, it is also shattering Austrian support for the euro and the EU. Its new Austrian "citizens" see that the leaders pushing through the single currency have no intention of paying for improved transit networks or enforcing environmental protection.

Recently Neil Kinnoch, the EU transport commissioner,

In her second report on monetary union Sarah Helm meets some Austrian sceptics

saw the Brenner problem, from a helicopter. But his proposals for a £3.5bn rail tunnel have been shelved, because no country wants to pay, particularly when member-states are cutting back to meet the Maastricht criteria for the single currency.

At Steinach, all the contradictions of Europe's drive for political and monetary union are writ large. Increased trade has benefited the Austrian Tyrol, which depends heavily on links with Bavaria and northern Italy. There is a *de facto* common currency, as traders take lire, shillings or marks. The Austrian and Italian Tyrolese regions recently banded together as a "European region".

Innsbruck banks will lose

2,000 jobs when exchange-rate transactions end but they support the euro overall. Mr Rauch admits he went shopping in Italy when the lira was cheap but he also welcomed news that Italy is rejoining the exchange rate mechanism. A stronger lire may stop his trips but it should also stop German tourists by-passing Austrian resorts like his for Italian ones.

The merits of a harrier-free Europe, are, however, countered by the attractions of protectionism in Austria. When 66 per cent of people voted "yes" to Europe in the 1994 referendum, many said they did so because they felt they had no choice but to join after years of living shoulder-to-shoulder with

the former Soviet bloc. Now they doubt the benefits of Vienna imposing "Euro taxes" to meet the Maastricht criteria. In the Tyrol, the traffic problem makes people reappraise

the toll on lorries through the Brenner Pass. The European Commission launched proceedings against it for breaching single-market rules. "People are making the connection between the traffic problem and Europe," said Fritz Staudigl, an official in Innsbruck. "They see goods being carried for miles ... And they are asking: 'What's the point? Why should we suffer so much?'

Austria's fears about the euro are most commonly voiced in the simplest ways. People are scared of losing their strong currency. "People ... remember how they lost their savings during the post-war hyper-inflations," said Mr Staudigl. "Older people still talk about how they sold a house and found they could only buy a loaf of bread."

Tomorrow: Northern Italy

High anxiety: The Tyrol is paying heavily for integration, with traffic through the Brenner Pass likely to double by 2020



the value of economic and physical barriers. Switzerland banned lorries over 28 tons, which means the juggernauts are funnelled through Austria. When Austria decided to raise

three hundred customs officers from the Brenner area have lost their jobs since EU membership. Soon Austria is to join the Schengen agreement, which means ending all passport checks at its EU frontiers. At the Brenner, according to rumours in Steinach, 20 illegal immigrants are stopped a day.

The Tyrolese also question European agricultural policies. They want to know why German over-production of meat and milk should be forcing such large Bavarian exports to Italy. There is also anxiety about illegal immigration.

Mr Sibya claimed the timing was deliberate. Overcome with remorse after the attack, he said he had begged God for a period of four years. Speaking through an interpreter, Mr Sibya calmly described how he attacked the women with a bushknife and a spear in their station-wagon at Nine Mile beach on the Maputaland coast. Their naked and wounded bodies were washed up, just hours later, near the Mozambique border. He had robbed the women but four months after the attack he said he felt so guilty he burnt everything he had stolen along with his weapons and clothes. After that he had felt closer to God and begged him to be patient until the victims' families had forgotten their sorrow.

Mr Sibya did not request legal representation at the hearing and said he would accept any punishment. He said he was just walking on the beach when he saw the women and "that was when everything began to happen". The magistrate ordered him to see the district surgeon and he was remanded in custody until 23 December.

Ms Over and Mrs Godwin, mother of a 23-month-old girl, had been friends for more than 11 years. Ms Over, from St Albans, Hertfordshire, had recently moved to South Africa to work as an advertising executive in Durban. Mrs Godwin, from Spratton, Northamptonshire, was to have been joined by her husband Tim and her daughter later on the trip.

## Chirac says Europe needs its own spy satellite, free of US

Mary Dejevsky  
Paris

France wants Europe to develop its own spy satellite facility as a "necessary precondition for achieving strategic autonomy", President Jacques Chirac said yesterday. Underlining the desire of the Gaullist government for a European defence capacity that could operate independently of the

United States, Mr Chirac said he also favoured the inclusion of defence structures within the European Union. He was speaking on the second day of the annual assembly of the West European Union, the political arm of Nato in Europe, just a year after France announced its decision to rejoin most Nato structures. He was the first French president ever to address the 48-year-old organisation.

France and Germany are already cooperating on the development of a reconnaissance satellite. But Mr Chirac's proposal went further, calling for a "real European capability in space intelligence" and making it clear this was needed for "strategic autonomy". The lack of its own satellite reconnaissance capacity makes Europe entirely dependent on the US for military operations abroad. Eu-

rope's other main deficiency is the lack of large military transport planes. Mr Chirac did not mention this, though he did appeal for the embryonic European defence agency (currently comprising France, Germany, Britain and Italy) to become "a competitive industrial and technological base". These were two of four points Mr Chirac set out as France's programme for its presidency of the WEU which

begins next January. The others were the streamlining of current armed forces co-operation in Europe – which currently includes the mainly Franco-German Eurocorps and the mainly Franco-British European Air Group – and closer co-operation in operational planning between the WEU and Nato.

The tenor of Mr Chirac's speech, with its strong emphasis on European

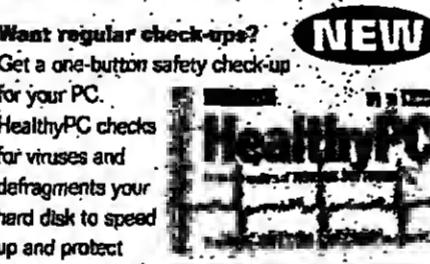
defence autonomy, appeared to offer at least half an answer to a question widely posed when France rejoined Nato last year. Was its return an acceptance that in the post-Cold War world it needed the shelter of the Atlantic Alliance, or did it see its membership as a stage towards the creation of stronger European pillar within Nato which could eventually become an autonomous defence alliance?

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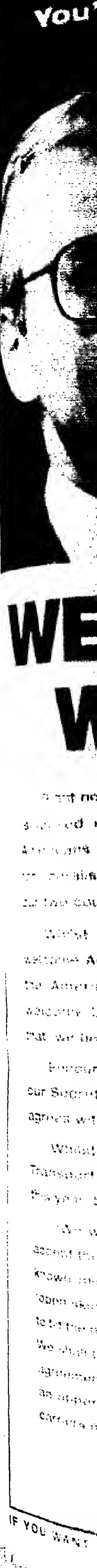
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Right now, the British Government is locked in negotiations with the Americans over an 'open skies' deal for liberalisation of aviation between our two countries.

Whilst Britain is quite happy to welcome American airlines to the UK, the Americans aren't prepared to welcome UK airlines to the US. And that, we believe, is just not cricket.

Encouragingly, Sir George Young, our Secretary of State for Transport agrees with us.

Whilst giving evidence to the Transport Select Committee earlier this year, Sir George said:

"We will not simply roll over and accept the US version of liberalisation, known misleadingly in my opinion as 'open skies', which is clearly designed to tilt the market in favour of US airlines. We shall be seeking a new air service agreement which gives our carriers an opportunity to compete with US carriers on equal terms."

So how *unequal* are the terms at the moment?

What the Americans want is to be able to fly as many US aircraft as they like into Britain's airports, and then to pick up passengers in Britain and fly them on to Europe and the rest of the world. (Which would be fine if there were enough take off and landing slots.)

But what the Americans aren't prepared to give the UK is the right to land at US airports and then fly passengers on to other destinations in the US.

Nor are they prepared to give up any of the incredibly protectionist laws limiting the UK's right to invest in US airlines. Even though the US is already allowed to invest in the UK's airlines.

Nor are they even prepared to give up their one sided policy that dictates that US Government people must fly only on US airlines.

In fact the only so called concession that the American Government is prepared to make has nothing to do with 'open skies' at all.

It is to sanction the monopolistic merger between British Airways and American Airlines.

A merger that would normally be deemed illegal by the Americans because it is so anti-competitive. Especially as between them BA and AA control the lion's share of Heathrow's take off and landing slots.

In short, this is not an 'open' but a 'closed skies' deal. It offers nothing for the flying public. But it does offer a juicy monopoly for two of the world's biggest airlines.

We urge Sir George Young to stick to his guns, and negotiate a deal that will create a level playing field for all Britain's airlines, and that won't disadvantage either the British or American flying public.

Any other deal is most unwelcome.

virgin atlantic

## international

# Australian public back move to republic

**Robert Miffen**  
Sydney

A new opinion poll in Australia has revealed for the first time there is sufficient public support to change the constitution to make the country a republic.

Published yesterday in the *Sydney Morning Herald* and the *Age* of Melbourne, the poll showed 55 per cent of Australians want to replace the



John Howard: Promised to hold convention on republic

Queen with an Australian president as their head of state, a rise of 4 per cent since a similar poll was taken last year.

More significant is the fact that a majority of voters in five of Australia's six states want a republic. This is the crucial test that republicans would have to pass in order to change the country's constitution. For it to be altered, a referendum needs not only an overall majority of votes but also a majority vote in at least four of the six states.

This has made the constitution notoriously hard to change. Since 1901, when it came into

force, only eight of 42 proposals to amend it have passed popular referendums. But, according to the opinion poll, Tasmania is the only state where republicans are still in a minority, at 46 per cent. In New South Wales their support stands at 57 per cent.

The latest republican opinion poll has put renewed pressure on the federal government, led by John Howard, to press ahead with its election promise to stage a convention next year as a first step towards holding a referendum on a republic by 2000.

Mr Howard is a monarchist, who has shown every sign of trying to sweep republicanism under the carpet since his conservative coalition government's election last March. But republicans, including MPs in the Liberal Party, which Mr Howard leads, have called on him to honour his promise.

At a republican rally attended by 2,000 people in Sydney on Sunday, Gladys Berejiklian, president of the Young Liberals in New South Wales, urged Mr Howard to hold a referendum. Robert Hughes, the Australian author and critic, told the audience: "There is nothing, absolutely nothing, Australian about our present head of state, the reigning British monarch. The monarch's role as the simultaneous head of state of Great Britain and Australia had its obvious uses when the interests of the two nations overlapped and were in essence the same. But today they are not always the same and, in the coming century, they will be less so."

Republicanism crosses party lines and among Australians aged between 25 and 54, support stands at 60 per cent.



Dummy run: Students with an effigy of Milana Markovic, wife of Serbia's President Slobodan Milosevic, during a demonstration yesterday in Belgrade. Photograph: AFP

# Russian roulette as casino comes to the backwaters

**Helen Womack** reports on a post-Soviet route to success

Yelets — The local newspaper reporter declined the black caviar sandwiches offered by Gennady Savenkov, arms-trader-turned-casino-owner, catering for the few people with money in the depressed central Russian town of Yelets. "I do not want to be dependent on that man," he said.

But a sandwich consumed will hardly inhibit your correspondent from telling the truth about the Ph Club, or as much of the truth as one can ever establish in this land of absurdity.

Depending on whom you ask, Mr Savenkov is either a greedy villain or a hero struggling for the right to free enterprise in one of the most staunchly Communist pockets of the provinces. But nobody is indifferent to "Papa Genna", whose taste for nylon sports suits belies his wealth and power.

He admits to having spent "big money" financing the political opponents of the Communist-leaning mayor of Yelets, Viktor Sokolikh, so far to no avail. Mr Sokolikh remains in office, "putting up endless bureaucratic obstacles to enterprising businessmen", as the casino-owner says.

But Mr Savenkov has had one victory as the regional court has just overruled the mayor and allowed him to register the Ph Club (Ph for Phoenix). "Seventy per cent of my energy goes into the war with the mayor. But thank God there are some people who respect the law," he said as he welcomed the press to his leisure complex.

A sauna and restaurant are still being built but the casino is already in full swing - by Yelets' standards. In other words, at 10 o'clock last Thursday night, two clients were moving from the poker table to the roulette wheel to the blackjack table, attended by a veritable army of croupiers, cocktail waitresses and security guards.

sonal fortune by opening a network of petrol stations on the road to Moscow. "Undiluted petrol" is his slogan.

With his petrol business, he is indeed providing a public service for. Before him, a driver who did not have the foresight to fill his tank in Moscow, 400 km to the north, could find himself spending the night in his car on the empty road, waiting for someone with a canister to take pity on him. Now, instead of motorists begging for petrol, the road is lined with people selling vases and television sets, the left-over production from bankrupt local factories.

Unemployment in the town is high. Giving work to 250 people, Mr Savenkov is proud to call himself a major employer. How much this man, who has a four-storey country house and a fleet of cars, pays his workers is "one of my secrets".

Galya, a cocktail waitress whose dark make-up gave her eyes a bruised look, was sullen.

"I'm always unhappy, I have an unhappy personality," she said.

Natalia, a trained nurse-turned-croupier, was more cheerful.

"If they have earned the money, they have the right to throw it away," she said, when I asked what she thought of the clients.

The players that night were sportsman Boris Gridnev, who has been entered 17 times in the

*Guinness Book of Records* for feats of strength, and his girlfriend, Vera. "We have been bitten by the gambling bug," laughed Vera, adding that the couple usually spent about \$100 a time.

"The players are sick. They are like alcoholics. I do not pity them," commented the owner, who said he never gambled himself and drank only in moderation. Whom did he pity?

"Children," he said, adding that he gave some of his money to charity. For example, the local ambulance service received his petrol free of charge.

But he admitted he found as many ways as possible to reduce his tax burden. "The taxes are too high in this country," he said. "The authorities are cutting the branch on which we sit."

Did he fear the rich could be swept away in a new Russian revolution? "Russia will not go Communist again," he said.

Then after a moment's thought, he added: "Of course, I was a Communist once myself, you know." Gennady Savenkov is a survivor, a man who will adapt and thrive whichever politicians are in power.

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## international

# Chinese to evict migrant families

Teresa Poole  
Peking

The ability of an army of migrant workers to slip through the net of China's tough population controls has prompted a crackdown in the booming southern city of Shenzhen, where 906 migrant families are being thrown out of town with two weeks' notice because they have exceeded the permitted birth rate.

The Peking *Economic Daily* yesterday reported that the Shenzhen city authorities had confiscated the migrants' residence certificates, revoked their labour permits and business licences, and ordered the housing department to stop renting apartments and shops to them.

All city residents in China must have a *hukou*, or household registration, and when migrants arrive and settle in an urban area they must obtain a temporary registration. The 906 families will probably return to their rural home villages, or move to another coastal city.

The penalty for breaking family-planning regulations can be severe. In impoverished areas, peasants face having their houses demolished. In cities, punishments are heavy fines and demotion at work. In April this year, a Peking court fined one couple 50,000 yuan (£4,000) for having a second child. Human rights groups have documented cases of forced abortions and sterilizations.

The government is desperate to make sure China's population does not exceed 1.3 billion by 2,000. The strict population-control policy permits one child per couple in cities, and usually two in the countryside. However, China has up to 100 million rural workers who over the past decade have moved into the cities and fast-growing coastal regions where work in

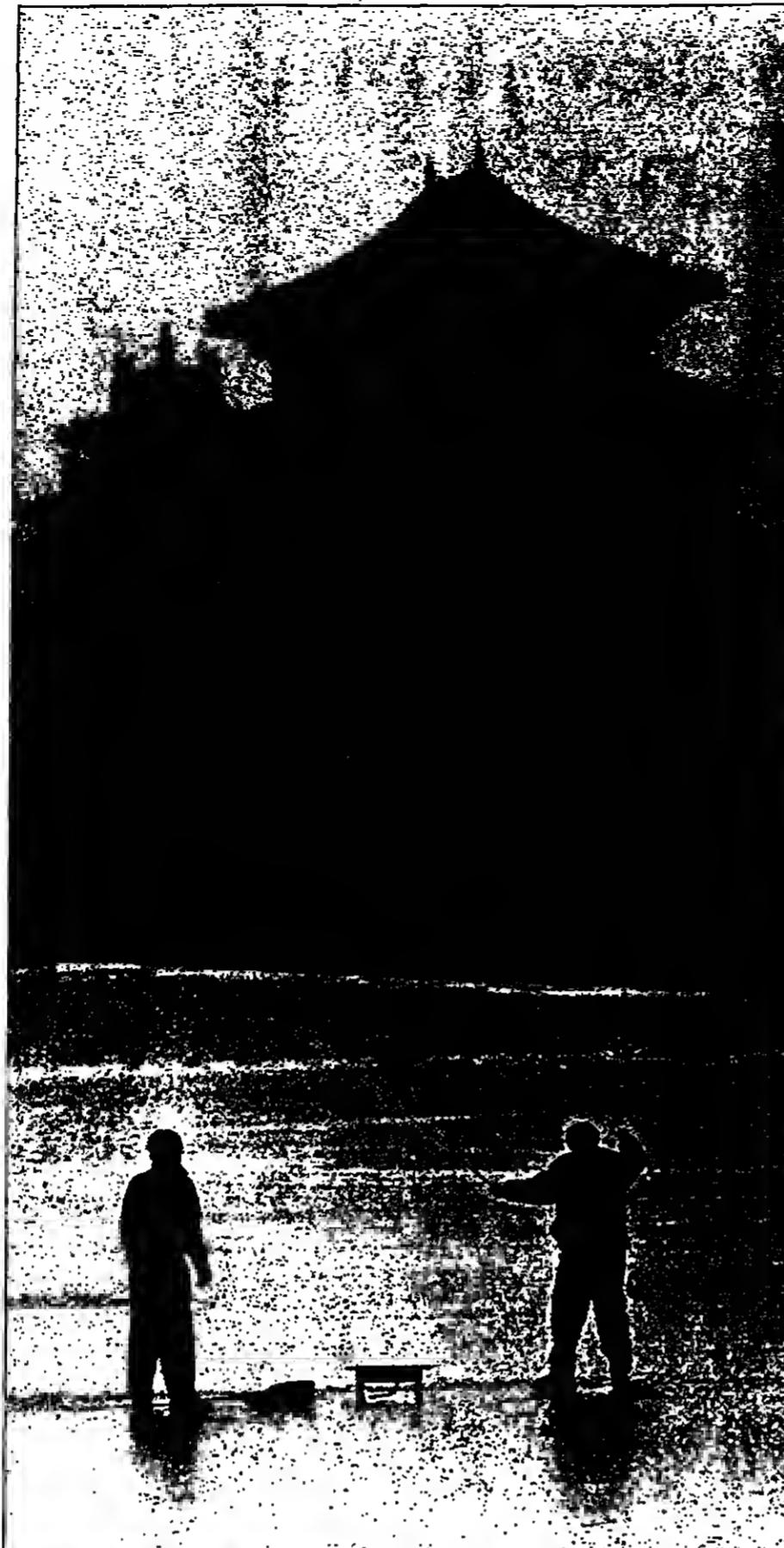
factories and construction sites is available. Their mobility has meant they have escaped many of the family-planning restrictions imposed on the indigenous city population and static rural inhabitants.

Wang Guoqing, the Family Planning Commission policy director, said: "The transient population in keeps growing because most members in this group are of reproductive age, and many stay away from their home towns for a long time."

According to regulations, the migrant worker's home town and his or her new place of residence in theory share responsibility for compliance with family planning regulations. In practice, neither is likely to be monitoring the situation. Migrant workers often rent accommodation through private landlords, and move from job to job, escaping the strict vigilance of permanent city residents who must obtain permission from their "work units" to marry or to get pregnant.

The fact that the Shenzhen case was reported in the *Peking Economic Daily* probably means the city government is eager to demonstrate to Peking that it is cracking down on illicit births. Shenzhen, bordering Hong Kong and the site of China's first Special Economic Zone, is one of the richest parts of the country. In such regions, wealthy rural families are now opting to pay the fines or the bribes necessary in order to enable them to have more children.

China's family planning programme has been widely criticized by Western countries for its punitive nature. Over the past year, the government has admitted it has failed to convince peasant families of the benefit of fewer children, and now says it is putting more emphasis on linking family planning to alleviation of poverty.



Winter sport: Two hopefuls join enthusiasts at the most around Peking's Forbidden City yesterday for the start of the highly popular ice-fishing season. Photograph: AFP

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# Peking alarmed as illegal school fees force pupils to quit

Nationwide inspection is launched to stem emptying of classes in poor regions. Teresa Poole reports

Ansei — In Chenguan township, north-west China, Kang Xial was one of the casualties of China's cash-strapped rural education system. He did not start school until he was nine years old because his family was "too poor" to afford the fees, he said. And when his parents finally scraped together the money, there was only the basic village school, with just three teachers.

During the early Communist era in China, rudimentary schooling was provided free to the nation's children as part of the so-called "iron rice bowl" welfare system. It was not fancy, but at least it was free. But when economic reform took hold in the Eighties, the schools found themselves desperate for money. State funding was no longer sufficient, and even when money was available it was often illegally diverted by local governments away from schools and into speculative business schemes. Across the country, including the poorest areas, parents were suddenly introduced to a new concept - the bill for school fees.

By law, children should have at least nine years' education in China, but in rural areas this is rarely the reality. Kang is now a very short and thin 13-year-old. He has only one set of

Parents are charged for tuition, books, desk space, heating, even rubbish disposal

Aware of growing resentment, especially in poor rural regions, China has now launched a nationwide inspection of all schools to stop widespread overcharging of fees. It is commonplace for parents to be charged for anything from tuition, books, desk space, electricity and heating, even to rubbish disposal.

The government is alarmed at the large number of children, especially girls, in poor rural areas who have dropped out of school because of illegal fees charged by a rundown rural education system. The inspection of fees in primary and middle schools will "protect social stability," the *People's Daily* said last month.

Since it opened last year, Kang has attended the charity-backed Pinghu Hope School in Chenguan township, just five miles from his home in the impoverished north of Shaanxi province. This is part of Project Hope, a state-backed charity set up in 1989 to get drop-outs back to school, especially in the countryside. Project Hope has opened more than 2,500 rural schools mostly in north-west and south-west China, and claims to have returned 1.25 million children to the classroom.

The three-storey Pinghu school was sponsored by a township in Shenzhen, the State Education Commission

## Bosnia risks foreign-aid drought

Reuters — Bosnia's ethnic communities will receive only a trickle of foreign aid to help rebuild their shattered country unless they start complying with the terms of the Dayton peace treaty, British officials said yesterday.

The officials, speaking the day before the start of a London conference, to be attended by

foreign ministers and aid agency representatives, to take stock of the year-old Bosnian peace process, said the nation's Serb Republic and the Muslim-Croat Federation were badly behind the schedule agreed at Dayton a year ago.

"Those [Bosnian] entities that do not follow those requirements will find themselves at a disadvantage when it comes to other areas of implementation," an official said.

The various sides were hampering freedom of movement, the officials added, preventing refugees from returning home, committing human rights abuses, refusing to hand over war criminals and not complying with arms-control reductions.

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# Scrutiny is the best recipe for avoiding food scares

**T**here's nothing like a little tamper with nature to set the public panicking. From the Bible to Shakespeare, from Jehovah's Witnesses to organic food enthusiasts, our history and culture drip with the notion that the natural order knows best. Myths of nature's vengeance run deep. The rot began in Hamlet's Denmark because Ham's mum upturned the royal and family order. Prometheus endured the wrath of Zeus because he dared disrupt the human and godly order by stealing fire for human use. Throughout our history and mythology, human beings have been punished when they arrogantly overstepped the line to organise the world for their own convenience.

So-called modern diseases such as repetitive strain injury and chronic fatigue syndrome are explained away as the self-inflicted consequences of our hectic lifestyle. Cancers are attributed to everything from nuclear power to pesticides, but always to man-made, "unnatural" phenomena. When the focus is food, we become even more emotional. After all, (apart, perhaps, from sex) nothing is more central to our culture than eating and to our most important social rituals. The idea that we can be poisoned by performing one of the most basic and simply pleasurable of animal acts confuses us deeply. So, most recently, the BSE disaster has lent support to the "nature-is-sacred" point of view. After all, BSE might

never have spread had bovine herbivores not been forced to become cannibalistic carnivores.

No wonder then that the prospect of genetically engineered food raises such suspicion. Here we go tampering again. Already we find that genetically engineered maize fed to cows could jeopardise the safety of our beef. What further dark forces will we unleash if we meddle with DNA?

The problem is, we cannot blame science for food health scares – we can only blame ourselves. The problem lies not in our science, but with our lifestyle and our public institutions. Yet twisting and tweaking the genes of the supermarket tomatoes should be no more controversial than any other form of scientific research. Like any other product – a new medicine, a pesticide, a new sweetener – these genetic vegetables should undergo strict and rigorous testing. However, if the research delivers something that works, such as cheap but tasty tomatoes available all year round, then we should welcome it with enthusiasm. Scientific progress has brought us cheap food of countless varieties, widening our choice and helping many of us live healthier and more interesting lives. The fact that meat and vegetables are intensively farmed is exactly what makes them affordable, and allows many busy people on tight budgets to maintain a balanced diet, and allows less well-off peo-

ple to spend more of their money on other things.

But that doesn't mean we don't have a genuine and growing food problem. We do. Food poisoning cases are on the increase; from 63,000 in 1992 to 82,000 in 1994. Even if people are becoming more willing to report their bowel movements to public health officials these days, this is a significant increase.

Who or what is the real culprit for our bubbling gastric troubles? One factor is our changing expectations. Most cases of food poisoning are still a result of easily avoidable mistakes in the kitchen: using the same knives for

cooked and uncooked food, not cooking food for long enough, reheating food that should really be thrown away. The mistakes we make in our own kitchens poison only ourselves and our families and rarely get reported. But these days we eat out far more often, trusting our stomachs to the hygiene of hard-pressed cooks in low-paid, low-profit industries. When that Indian restaurant reheats the madras, when the pizza chef slams the cooked marguerita down next to the uncooked chicken, when cooks in a hurry cut corners, customers pay the price in a night's lost sleep or a few days' miserable dis-

comfort. The same is true in institutions, including schools and colleges: low-paid kitchen staff heat cook-chill lunches against the clock. In the circumstances, it would be a wonder if children didn't get food poisoning occasionally.

For most of us, food poisoning is little more than a minor inconvenience. The risks of chomping our way to severe gastric trouble remain small. *E. coli*, the bacteria that has killed several people in Lanarkshire, remains rare. Nevertheless, for the young and the elderly food poisoning can be fatal. If we wish to improve public monitoring, and to prevent our food problems growing even worse than they already are, we must insist on more alert scrutiny by trading officers and health officials.

Perhaps most important, however, we should take government responsibility for food out of the hands of the producers. We can't even start to improve the food we eat in our own kitchens if we aren't given full information by a government acting in our interests. Unfortunately the Ministry for Agriculture, Fisheries and Food still operates in the interests of the farmers and the food producers rather than consumers. We all remember Cordelia Gummer – daughter of the agriculture minister, not the health minister – wolfing down hamburgers to defuse the rumours about BSE. When Edwina Currie as health minister spoke out about salmonella in eggs, the Maff

brayed for blood – and they got it. Salmonella cases went on rising even after Edwina was sacked.

Poisoned food in Britain is not the crisis it sometimes seems. For most of us, the advances in convenience and access outweigh the dangers. We are certainly not the prey of a ruthless scientific-corporate establishment, ruining our food in pursuit of profit. Nor are most of us ever at risk of contracting anything worse than a giddy tummy. But our public health is certainly worse than it need be, thanks to carelessness, ignorance and an inappropriate system of supervision.

## Let livers set the office party limit

**W**hy do we need to reinvent old rituals? One is the bacchanalian madness otherwise known as the annual office party. But if employee libido runs as free as the red wine at Christmas, should employers get excited, too? It's a danger zone, says Trish Embley, an employment law specialist. Managers, she says, should stop things getting out of hand. But isn't that the whole point? To be indecorous, out of order and generally wicked? As long as no windows or laws get broken, propriety, lust and livers should be left to look after themselves. For once, it's none of the boss's business.

## LETTERS TO THE EDITOR

### Real 'pro-life' agenda more than abortion

Sir: If there is to be a major debate here on "pro-life" issues, I hope it will include a decent definition of what "pro-life" actually means.

It often means merely opposition to abortion and euthanasia, but "pro-life" must include campaigning for disabled people's rights and opposition to the death penalty. How can we expect people to value the humanity of the unborn if we are not prepared to respect the value of the born, no matter what they have done?

The "pro-life" agenda must also value single mothers. Why should women be penalised for making the brave decision to keep the child? With both pro- and anti-abortion surveys in the United States showing that lack of support from the father is the primary reason for having an abortion, should not pro-life campaigners promote increased male responsibility?

Then perhaps it will be possible to reduce the abortion rate even without reform of the Abortion Act.

IMOGEN CATERER  
Gloucester

Sir: Abortion politics sweep into Britain" (report, 30 November). And about time. About time we had an open debate about the whole business.

The Birth Control Trust think the sight of an abortion is "gruesome". They are right. Killing another human being is always a horrible thing. Of course the pro-choice lobby want it all kept safely out of sight. Does that make it all right? Does keeping abortion out of the news, as the Prime Minister wants, make it right?

We are living in a survival-of-the-fittest society – a culture that increasingly claims it is legitimate to pick off the weak and the inconvenient. Nazi Germany, psychiatric patients were considered inconvenient, and thousands were put to death. It was done legally, it was done behind closed doors and it was done with the connivance of the medical profession. Now it is the unwanted child that is "inconvenient". So 170,000 a year are put to death. It is done legally, it is done behind closed doors and it is done by the medical profession.

What next? Legalised euthanasia for the expensive and troublesome elderly? What will future generations say about us?

HUGH J THOMSON  
Consultant surgeon

Birmingham

Sir: The last British national abortion survey conducted by MORI in 1995 asked whether voters agreed or disagreed with the principle of "abortion on request", which goes beyond what is permitted under the present Abortion Act. Sixty-six per cent strongly agreed with this or tended to agree with this. Twenty-four per cent disagreed or strongly disagreed with this.

The Prolife Alliance, which is apparently to put up candidates at the next election, will draw its votes from the 15 per cent that declared they "strongly" disagreed with the abortion on request of the pregnant woman. Most even of these religious extremists will prefer not to vote on a purely fundamentalist platform, however, since they have views on taxation, Europe and other subjects. Since I believe that compelling



women to have unwanted babies is both socially undesirable and morally evil. I very much hope this religious faction will put up candidates and that this is not just one of their usual publicity stunts. This will demonstrate once and for all that their actual capacity to attract votes even in favourable constituencies will amount to maybe 3 per cent of all those voting, thus placing them firmly in the lunatic fringe of electoral contenders.

MADELEINE SIMMS  
London NW1

Sir: It would seem logical that those who oppose abortion should wish to obviate abortions by actively promoting contraception. Why don't they?

R CLATWORTHY  
Beverley, East Yorkshire

Rise in birth rate not the answer

Sir: D R Smith raises the question of future population increase (letter, 2 December) and suggests that an increase in the birth rate "could be considered desirable to counter the ageing population".

In fact it seems unlikely that there is any such problem of an ageing population. Given the increasing tendency towards forced early retirement, and endemic high unemployment, it is clear that whatever the restraints on our ability to provide for an increasing number of elderly may be, a shortage in the working-age groups is not one.

Even if it were, to advocate increasing the birth rate would require the same false logic as that

behind such scams as pyramid selling and chain letters. Not only would it increase the number of dependent members of the population in the short term, but in the long term would mean a larger retired population, as the new generation in turn grows old.

The increase in the number of households is being caused at least as much by fragmentation of families as in the increasing population. On the other hand, as Mr Smith points out, the population is still increasing, but few could share his view that the predicted increase of 2.1 million deserves the epithet "only".

Like it or not, we are now facing harsh dilemmas because our population has grown so high relative to our natural resources. Is it not time that population became an important subject of national debate, and one which all political parties should address?

CHRISTOPHER PADLEY  
Green Party Population Policy  
Working Group  
Market Rasen,  
Lincolnshire

Too many eggs in the tunnel

Sir: Richard Hope writes (letter, 2 December) that it is "laughable" to argue that airlines could not switch capacity to meet demand should the Channel Tunnel be put out of action.

I have before me forecasts published by Eurotunnel, of

passenger rail traffic through the tunnel in the year 2040, with and without the high-speed link.

Without the link, through rail services alone are expected to carry 22.5 million passengers a year, and with 45 million.

Last year, international traffic through Heathrow was 44 million passengers. The question posed by the proposed high-speed link is: how many eggs should be placed in one basket?

JOHN ADAMS  
Geography Department  
University College London  
London WC1

All correct on origins of kilt

Sir: Both your correspondents James Fraser Widd (letter, 28 November) and Fulton Gidspie (2 December) are correct about the origins of the Scottish kilt.

The ancient "quilt" was indeed a rather short, indiscreet and cumbersome outfit. For this reason the Lancastrian Quaker, Thomas Rawlinson, who employed many Scots producing charcoal for his iron forges, had the military tailor at the Inverness barracks "abridge the dress and make it handy and convenient for his workmen". What the tailor came up with was the "telic heg" or "phlibeg", the modern day knee-length skirt and separate plaid combination (as described by Hugh Trevor-Roper in *The Invention of Tradition*).

First, I pay for the child's education, whatever the

standard. That includes the school buildings, the teachers, the cleaners and the whole education bureaucracy. Then I pay the solicitors and barristers to sue the school, and the judges and court officers who are in the case. In the meantime, I pay a sixth-form college to repair the damage done by the original school, and finally, if the court case is successful, I pay any damages awarded against the education authority.

The long woolcloth would be prepared for use on the ground: the folds then were not stitched, and the owner would, apparently, roll in it. Not a very practical way to dress, but one should remember that this same woolcloth, when needed, would be unfolded and used as a blanket.

R MARANILO  
London NW11

Whom can we taxpayers sue?

Sir: I have every sympathy with any child who is the victim of incompetent teaching and wonder why no one has thought of suing negligent teachers before now (report, 2 December). But from the purely selfish point of view of a taxpayer, I am just a bit concerned that I appear to be funding every stage of this process.

First, I pay for the child's education, whatever the

standard. That includes the school buildings, the teachers, the cleaners and the whole education bureaucracy. Then I pay the solicitors and barristers to sue the school, and the judges and court officers who are in the case. In the meantime, I pay a sixth-form college to repair the damage done by the original school, and finally, if the court case is successful, I pay any damages awarded against the education authority.

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R MARANILO  
London NW11

Sir: Now that pupils are to sue their former school for their being educationally disadvantaged (report, 2 December), I presume it will be in order for teachers and pupils to sue disruptive members of the school who make study, progress and life impossible for everybody else.

BERNARD O'CONNOR  
Dundee

Poet justice

Sir: Your correspondent Roy Watkins (letters, 30 November), in the course of chiding teachers for their ignorance of grammar, mangles and misspells his quotation from Philip Larkin's *Church Going*. When Larkin wrote that "someone will forever be surprised/A hunger in himself to be more serious", he was thinking of more important matters than the ability to recognise modal verbs.

DAVID REED  
Bristol

### How to save the Reading Room

Sir: I was very sad to read ("The final chapter for library classic", 30 November) that Camden planning committee has given permission for the conversion of the British Museum Reading Room into a computer cafe.

My respect and admiration for this great national institution go back 50 years to when I started work from school as a ticket issuer for the Reading Room, and where, as your correspondent recalls, I met my partner, Angus Wilson, who contributed so much to the work and life of visiting scholars from all over the world.

The Reading Room is indeed one of the wonders of the world: a superbly purpose-built room for study, as I can testify, having used it as a reader.

What should happen, and could happen if this Government had an ounce of respect for our heritage, is that the Reading Room should be dismantled and re-erected alongside the new British Library at St Pancras, where its rightful function could continue, and where the second largest dome in London could be seen: it is not seen now unless you climb to the roof of the Museum Tavern.

There is land available, unless the Government has sold it to the private sector – something it is compulsorily impelled to do. The space left at the British Museum site would be invaluable to the departments remaining.

TONY GARRETT  
Bury St Edmunds, Suffolk

### Set fixed terms between elections

Sir: What a relief an election sooner than May, when this Parliament's time runs out, would be to all concerned, you say in your leader of 2 December. And so, doubtless, it would be.

Nevertheless, the prerogative of prime ministers to call an early election is open to question.

Not only are they quite powerful enough without, but the right to manipulate the election date depends on the governing party an unfair electoral advantage and the ensuing uncertainty can be highly damaging economically.

If other countries get by quite happily with fixed-term (politically four-year) parliaments elected on predetermined dates, why can't we?

WALTER GREY  
London N7

### Bed to verse

Sir: Phil Hammond MD (3 December) quotes the opening lines of the children's classic "Miss Polly had a Dolly" as an example of inappropriate behaviour on the part of patients.

Tellingly, he omits the other verses. The second – "The Doctor came with his big and hat, and he knocked on the door with a rat-a-tat-tat" – contains a blackly cynical suggestion that the doctor might come promptly.

The third – "He looked at the dolly and he shook his head, and he said 'Miss Polly put her straight to bed'" – has the swiftly drawn portrait of a condescending bedside manner.

And the fourth – "He wrote on the paper for a pill-pill, and he said 'I'll be back with my bill-bill'" – leaves us in no doubt as to where the doctor's priorities lie.

JULIAN CONNERTY  
London N1

essay

# A Lordly plot to save their place

Viscount Cranborne, Leader of the House of Lords whose lineage goes back to the time of Elizabeth I, is not going to let New Labour take away his hereditary rights without a fight

By Paul Vallely and John Rentoul

**B**ehind the scenes the provisional wing of the House of Lords has begun to make its preparations. Paramilitary hereditary peers have begun piecing together a sequence of parliamentary plots to block Tony Blair's plan to begin a reform of the unelected chamber of the British parliament if Labour wins the forthcoming general election. Anonymous Tory peers have been reported this week threatening to "amend out of existence" Labour's two-clause Bill to take away the voting rights of hereditary peers.

Speculation centres on the person of Baron Cecil of Essendon. To students of history it will come as no surprise. The noble lord is a Cecil and therefore a member of the most distinguished dynasty in 400 years of British politics. His ancestor William Cecil, a Tudor lawyer, became the closest adviser to Queen Elizabeth I and was created Lord Burghley in gratitude. His son, Robert, succeeded to the post and continued as first minister to James I. Later Cecils included the last of the great Victorian prime ministers, Lord Salisbury, Prime Minister A J Balfour was a relative. And a subsequent Lord Salisbury became the kingmaker in the "magic circle" which used to choose the Tory leader.

Small wonder there was much

mockery about John Major's vaunted classics society when four years ago the present Robert Cecil – a former Tory MP who is heir to the Marquess of Salisbury and therefore known by the courtesy title of Viscount Cranborne – was catapulted into the Lords by an arcane "writ of acceleration" to join John Major's government. This event was a joyful anachronism for Tory snobs and pundits of the high Tory historical-mysticism bent. There was much talk of scions of a noble dynasty and a man who carried in his genes the accumulated political skills of the Cecils.

It is a poetic flummery which Cranborne is happy to exploit even in the midst of the latest political intrigue. Today he gives a lecture to the floridly-named right-wing think tank, Policia. Being a Cecil he is not afraid of the broad historical sweep. "Western Europe, whose culture has dominated the planet for over three centuries, is in danger of going the way of the Caliph, the Mogul and the Ming, and for very similar reasons," he declares in his pamphlet on which the lecture is based.

He is worried about nation states being swallowed up in large fishy supranational groupings that will sap the vital desire to compete on which Western civilisation is based. As with economics, so with constitutions. He believes that the

British constitution has evolved by adapting to continuous competing pressures. He therefore rejects Labour's plans for the Lords, on the grounds that written constitutions are bound to be imperfect because they are based on so-called fundamental principles:

"Man is not a perfectible beast," he muses. "Therefore, how can a declaration of first principles itself be the embodiment of perfection – unless it has been drafted by God and not man? If the first principles are faulty, then the mechanical arrangements will be even faultier." Politics, he declares "is not just about rationality, because man is not a wholly rational animal."

This is of course, the essential standpoint of any defender of the hereditary principle.

But there is not in that of

a hint of the parliamentary guerrilla warfare to come. Cranborne is too rational for that. Publicly he stands by the promise made by Lord Strathclyde, the Conservative chief whip in the House of Lords, who said last month that his party would not block the ending of speaking and voting rights for hereditary peers.

In a letter to Lord Carter, a senior Labour frontbencher, Strathclyde insisted that the Tories would abide by the "Salisbury Convention" – invented by a previous Robert Cecil, Cranborne's grandfather, when

he was Tory leader of the Lords during the first Labour government in 1945. This insists the unelected chamber would not stand in the way of a manifesto pledge of a party which had won a general election. "It would be constitutionally wrong for this House to oppose proposals which have been definitely put before the electorate," grandpa said.

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Expect trouble of a protracted, procedural kind from the likes of Baron Denham, the former Tory chief whip in the Lords, a passionate defender of the hereditary system. Then there is the Earl of Onslow, who has already expounded the clever country-house Tory argument that the hereditaries should go, but not to be replaced by a fully-appointed super-quango. And trouble may come too from Lord Mowbray and Stourton, another ex-whip, who possesses England's oldest (13th century) heraldic banner.

The Cecils with their curious mixture of high principle and low tactics, are well-versed in

this kind of thing. Their tradition is one of high Torydom, far more concerned with the ceremonial verities of Church and Crown than transient political fashions. When the two clash the Cecils have a habit of resigning. Cranborne's great-great-grandfather resigned from Disraeli's Cabinet over the second reform bill. His grandfather, Bobbety Salisbury, resigned twice – under Chamberlain over appeasement and under Macmillan over "coloured" immigration.

But they are cunning tacticians too. Lord Burghley, for 30 years Elizabeth I's most trusted adviser, though a generally moderate man was responsible for the execution of Mary Queen of Scots and was one of England's first propagandists, financing scholars to rewrite pre-Reformation English history from a Protestant perspective. His son, who was made the first Viscount Cranborne in 1604, successfully masterminded the transition from the Tudor to the Stuart monarchies following a policy which was anti-Catholic, anti-Spanish and anti-Puritan simultaneously.

The present Cranborne is a highly sophisticated political animal too. After a career as a banker in San Francisco and London he was elected to the Commons the same year as John Major. But on being promoted from the back benches to the first rung of Government he resigned within days in protest at the Anglo-Irish agreement, which he believed was bad for the economy. His father, Sir Miles Kington, was a

(Cranborne is a strong Unionist). Margaret Thatcher never forgave him. Yet some years later, despite his mildly heretical views about government policy, he was sent prematurely to the Lords by John Major to become a junior defence minister. He later became Leader in the Lords, where he successfully sorted out the mess left behind by the departing Lord Wakeham, who had presided over a series of humiliating government defeats and reversals. From there he masterminded Major's campaign to be re-elected as party leader in 1995.

His writ of acceleration was not uncontroversial. "It brings both houses into disrepute," said Labour's then spokesman on constitutional matters, Graham Allen MP. Cranborne shrugged such criticism off – as he did the tabloid outrage when he received the largest rise in a Cabinet pay-round at a time when nurses pay was being held down and, they pointed out, he stood to inherit £105m. Imperviousness to popular indignation is, of course, an aristocratic trait. Cranborne is the man who, in his younger days, after a good lunch at the Turf Club, put up for membership the Rhodesian Foreign Minister PK Van Der Byl, a racist Boer who had labelled all blacks "savages". And when as an MP he won the lottery to introduce a Private Member's Bill he proposed the reintroduction of the old university

seats which had been abolished in 1945.

So, few on the Labour side fail to read between the lines when Cranborne's advisers say that progress in a Labour Bill to remove the rights of hereditary peers "would be slow – everything must go through its full stages".

One Tory peer laughs out loud when it is suggested that Labour would like to get a Referendum Bill through in time to hold referendums in Scotland and Wales by September next year. "Everything is done by agreement in this House. There would have to be a compromise. And we have minimum intervals set out in Standing Order 44 – and there would have to be a vote to suspend it," he says gleefully.

Then there will be all the amendments to consider. There is "an endless permutation of possibilities, says one Tory. A gloomy Labour official sets out likely lines of attack. "They could do all the sorts of things that we do, you know, inserting requirements for 'consultation' and 'evaluation'."

Labour used this device themselves to defeat the Government over nursery vouchers earlier this year.

It is not as if the Tories have behaved with utter propriety in the past. In the 1970s, the Tories in the Lords ditched two of the Labour government's Bills (on trade union law and nationalising the aircraft and shipbuilding industries). And

despite the Salisbury Convention, the 1974-79 Labour government was defeated 343 times in the Lords. Over the whole period since 1979, the Tory government has only been defeated 231 times.

Tory strategists are now in a huddle as to how all this might be countered or pre-empted. Lord Richard, leader of the Labour peers, wants to give top priority to a Bill to remove the rights of hereditary peers. But other senior Labour figures argue that the Bill to set up referendums on devolution in Scotland and Wales ought to be pushed through first.

There is one Cecil precedent that no one expects Cranborne to respect. "It is the duty of every Englishman, and of every English party," said his great-great-grandfather, the last of the great Victorian prime ministers, "to accept a political defeat cordially." If Labour does win the election they can expect no such magnanimity from the latest Robert Cecil.

Lord Richard has told friends that if the Tory hereditaries indulge in obvious time-wasting and obstruction of the Bill to abolish their rights, it might be worth calling another general election – on the issue of Lords reform. It is not a threat; it is likely to carry out, but it says something about Labour's estimation of the calibre of Lord Cranborne's generalship in the coming battle that he is prepared to go so far as to issue it.

The Cecil dynasty (clockwise from above): Lord Burghley, Elizabeth I's adviser; Robert Cecil, Lord Treasurer and the first Earl of Salisbury; Bobbety, the fifth Marquess of Salisbury, who resigned from two cabinets (photographs: Hulton Getty); and the present Viscount Cranborne, who displays all the political sophistication of his ancestors

he was Tony leader of the Lords during the first Labour government in 1945. This insists the unelected chamber would not stand in the way of a manifesto pledge of a party which had won a general election. "It would be constitutionally wrong for this House to oppose proposals which have been definitely put before the electorate," grandpa said.

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## All human life at Pork Scratchings

hope will be my long-awaited smash hit TV comedy: *Welcome to Pork Scratchings...*

*The scene is in the offices on the Northbound side of the Pork Scratchings Service Area on the M99. The manager, Mr Stainley, has sent for Judy, the manageress of Lucy's Larder, the health food part of the service area, to introduce her to her new recruit, Judy.*

*Mr Stainley: Ah, Judy. How's everything in Lucy's Larder?* Judy: Fresh. Organic. Tasty. Fabulous.

*Stainley: Is it really?* Judy: No. But that's what we tell people.

*Stainley: Good, good! Now, Judy, this is our new recruit, Toby. He's replacing Willy. Can you show him the ropes?*

*Toby: Sir? Mr Stainley?* Judy: Yes, Toby.

*Toby: Can I ask you a question?*

*Stainley: Of course, lad!* Intelligence is what we look for in employees at the Pork Scratchings Service Area! We never find it, but that's what we look for!

*Toby: Well, Mr Stainley, what happened to Willy my predecessor? Why did he leave?*

*Customer: Pardon?*

*Herbert: I mean, what do you want?*

*Customer: Oh, Well,*

*I'm trying to use the phone*

*out there to phone home,*

*but my wife's late, but*

*it's so close to the video*

*games arcade that I can't*

*venture over the other side,*

*but he wouldn't listen. Now*

*Judy...  
Judy: Yes, sir?*

*What's that horrible noise*

*in the background? I can't*

*hear a word you're saying!*

*Customer: So there are*

*no other phones in a*

*quieter place?*

*Herbert: No. Telephones are*

*only ever put in two places at*

*service areas. One is outside*

*where it's cold or so wet*

*that people don't make long*

*calls and form queues. The*

*other is inside by the video*

*game section, where it's so*

*noisy that people don't make*

*long calls and form queues.*

*Customer: So what's the*

*answer?*

*Customer: What's join the*

*RAC?*

*Herbert: No, you silly cow –*

*get a mobile phone. You*

*don't want to go joining the*

*RAC.*

*Customer: Why not?*

*Herbert: It would give him a*

*heart attack.*

*Cut to self-service section of*

*caterpillar, where Tracey, the*

*cheeky serving girl, is at the*

*breakfast counter. A lorry driver*

*approaches with his tray.*

*Tracey: What do you want, sir?*

*Lorry driver: Full breakfast, please.*

*Tracey: How do you like your eggs?*

*Lorry driver: I like them lightly fried two hours ago,*

*left standing around to*

*acquire a soft patina of dust*

*and grease, then reheated to*

*go slightly hard and var-*

*nished on the outside.*

*Tracey: You're in luck. That's*

*the only sort we've got.*

*And so on, for another*

*half-hour of relentless*

*buck-cluck. Coming soon,*

*the episode where the Genie*

*toilet breaks down for an hour*

*and causes chaos, where*

*Tracey becomes convinced that*

*Egon Ronay, and where some-*

*one actually joins the RAC –*

*and the RAC man does have a*

*heart attack.*



## DANGER



Protect your mortgage from future uncertainty.</p

## Why I should give back my widow's pension



Poly Toynbee

**Barbara Castle is wrong – we don't need to spend £3bn on benefits for all**

**L**a Pensionaria is on the warpath again: Barbara Castle claims she was tricked with a bogus promise of a pensions review at the party conference. Breathing fire from her home, Hell Corner Farm, she calls the old comrades to arms in support of the National Insurance system. She is back. She is angry. And she is very wrong.

This is why. The National Insurance system is an empty relic of the sentimental old left. Most people are far richer than they were 50 years ago when Beveridge devised it so that it now pays considerable sums to people who are not needy, while failing to help the genuinely poor.

I know my situation is rare, but it does give an extreme example of what is wrong with the National Insurance system. I am entitled to £123.00 a week widowed mothers allowance, as well as £10.80 child benefit, and this week an added £10 Christmas bonus. Although taxed on it, no one asks if I need it. My late husband's contributions entitle me to it – though, like most people, he probably regarded NI contributions as just another tax. There is no need for the well-off to draw universal benefits – sickness, unemployment, child benefit or pensions.

Privately, most sensible politicians agree to let these benefits wither on the vine: Barbara Castle's plan to restore the link between pensions and earnings would strengthen universal benefits. This is a last gasp of the old guard – because when NI was set up, most of the population was relatively poor, women did not work and had husbands who did. Life has changed beyond recognition. Seventy per cent of women work and many of the old are far richer through occupational pensions. The people who are truly poor gain nothing at all from NI: those on income support – single mothers, unemployed men, the old – gain nothing; universal benefits are deducted from their social security even if they contributed all their lives. It is now time to redistribute that money.

Barbara Castle wants to add £3bn immediately to the pensions bill, paying out to all pensioners, rich and poor alike. There are many poor pensioners – but what they need is a redistribution in their favour. We could afford it if we took away NI pensions from the best off.

Think how much could be saved and used to stem the growth of the underclass. Start with child benefit (not an NI benefit, but a universal one) which costs £5bn. Once it was the only money wives could call their own. Now most women work, while poor women on income support are the only ones not to receive child benefit. There are some non-working women whose husbands don't pay enough house-keeping, but this is an expensive way to target them. Instead we could have nursery schools, child care, after-school and holiday clubs, especially for the deprived.

What of other universal benefits? Incapacity Benefit pays out £7bn, of which an estimated

£1.5bn may go to those who are sick but are not poor. Some £200m could be saved from those who are unemployed but are not poor. Other sums could be saved by not giving contributory benefits to people like me.

But the big one is pensions – £30bn a year. If you were to take it from the richest 20 per cent of pensioners, that would bring in a handsome £5bn, some or all of which could be spent on the 30 per cent of pensioners on income support – robbing Margaret and Denis Thatcher to pay the rest. This is not an outrageous proposal – the National Association of Pension Funds wants just such a "rebalancing" of the growing inequality in pensioner incomes.

No politicians in their right mind would dare do this to many existing pensioners, so the money would not flow in immediately. While some benefits (mine) could be stopped at once, pension cuts would have to be phased in. Harriet Harman, Labour's shadow Social Security Secretary, plans to means test all new pensioners to trace the 1 million missing who are due at least £14 a week unclaimed income support. So while bringing the missing ones in, it would be easy to knock the top ones out.

Any tampering with entitlements will cause a great outcry. Look at the rage when Gordon Brown suggested a slight cut in child benefit. It would take bravery – but only Labour, as founders of the current social security system, could do it. The Treasury would rightly insist on still collecting contributions from both employees and employers. It seems to me perfectly fair to go on calling NI "insurance" – the system will still insure us all against genuine need. It never was insurance in the real sense. It was always a con, done with smoke, mirrors and a lot of high-flown rhetoric. There is no fund, there is no connection between what you pay in over a lifetime and what you receive: you have no rights. All is left to the whim of the government of the day.

NI was once a fine communal ideal – all paying in all earning pensions. But I doubt whether anyone under 40 has much ideological understanding of the NI deductions on their payslips. It used to be an efficient way to reach the poor, but in a less homogeneous society universal benefits are extravagant.

A Labour government intent on tackling the causes of crime will need money for intensive extra education, parenting programmes, youth clubs, training etc. Some say it would be fairer to raise income tax. I agree. But any large sums wasted by the state should be saved, because it is all desperately needed elsewhere.

Gordon Brown will need to harvest all he can. (Defence is another budget ripe for picking, since we spend twice the EU average.) He cannot send his front-bench troops naked into the general election with only the pathetic shreds of spending promises he has given them so far. So something drastic has to be done. He might enjoy boasting that Labour had cut the social security budget in ways that Peter Lilley never dared – while still giving more generously to the poor.

**J**ust another winter's tale? The fascinating story that John Major was on the verge of promising his outright opposition to British membership of the single currency in the next Parliament featured on many front pages. It was strongly-worded, convincing stuff and just what many oak-hearted, timber-brained Tory patriots had been praying for these many months. Huzzah! Poor old Keo Clarke – stung in time for Christmas.

Strange, then, that it was so utterly denied by Mr Major himself in the Commons yesterday. Was this merely an example of collective wish-fulfilment by the Conservative press? Or a misguided briefing? Or a kite being flown?

It is hardly a secret that John Major would like to come out as Sterling's true defender. He has been engaging in ever more frantic private semaphore on the subject for months. Things have not yet quite reached the stage where the First Lord of the Treasury is hanging around bus-stops, hissing to bemused passers-by that he's against the single currency, or tramping down Oxford Street with a sandwich board. But he's tried almost everything else.

Most of the parliamentary party and its supporters in the country think that a strong anti-EMU line is about the only thing that could save the Conservatives at the polls. And everyone knows Major would stick with Sterling if he won the next election. The desire to speak this truth is almost uncontrollable.

The only reason he hasn't gone forcefully public is the presence of that seemingly immovable object in the Treasury. A Clarke resignation would bring the Government down. So Major and his people confine themselves to private grins, stage whispers, nose-taps and broad winks.

Hence, I think, this week's high farce. There is a thin membrane between what "everybody knows" the position to be; and what it is officially. That membrane is bulging and – with every confident press briefing – beginning to tear. But what is obvious cannot be admitted. There are some truths so dangerous that they can only be discussed off the record.

This position is not going to help Major's hoped-for revival in the polls. None of his nodding and winking will help. It makes him seem shifty, rather than patriotic. No wonder he is irritated by Clarke, the immovable European object. No wonder the Eurosceptics accuse the Chancellor of single-handedly holding the rest of the Government hostage; had for the party; bad for the country.

In fact, Clarke is about the only cool-headed and strategic player left. He is guarding a flank which the Tory party needs for its survival. For this debate is no longer primarily about the single currency. It has moved on with astonishing speed. In the course of this year alone – and 1996 will go down as a year of huge importance – anti-federalists have shifted the argument from EMU to the very future of Britain in the EU.

"Renegotiate" is the sophisticated battle cry; but it can be democratically translated as "get out". And on that, at least, the Tory right agrees with the continental federalists themselves, who now think London is virtually ruling itself out of a European future.

The anti-federalists are not being malign in changing the question, so much as logical. If the single currency is the lock-in mechanism for a fully federal state, with its own legal system, security structures, police force

and government, and perhaps eventually with its own language too (almost certainly, strangely enough, that would be English), then it is the whole project, not simply the lock, that needs to be argued about.

So what, in these circumstances, should decent, patriotic but pro-European politicians do? The first thing is, create time and space for serious thought about the options facing us. That requires a far harder look at the Europe of the future than before.

It would not be a bad idea for Britain to be outside a highly-regulated, centralised, undemocratic and unstable Germanic superstate. But it would be a very bad idea for us to cut our political links with a decentralised, free-trading and tolerably loose union of European nations – our nearest trading block, the part of the world whose politics have always affected ours and, not least, our cousins in history.

Conservative right-wingers are crusading on the basis of parliamentary sovereignty and geography. The political centre has always known that the more sensible arguments revolve

around democracy and prosperity. These are not easy. They may not even be resolvable. Could a single currency be arranged in a way that allowed different fiscal policies? Can a Euro-parliament, with massive constituencies and virtually no press coverage, put down roots among the people?

But these are the arguments worth having. They are about Europe now, a place where many borders have virtually disappeared, where the middle classes, at least, feel at home in different countries and where most governments are pursuing roughly similar policies, not because of bureaucratic coercion, but because they inhabit the same mental world, with similar constraints and dilemmas.

If we really want to break from that, then there will be penalties as well as the undoubted benefit of living our lives under the absolute power of the likes of Michael Howard, Michael Portillo, Bill Cash and Dame Olga Mailland. We will be unable to influence any shift towards a more hostile trading and business climate on the continent. We will endlessly be

affected by rules and decisions that our politicians learn about in their morning newspapers.

These are choices worth keeping open and discussing. Yet, in its headlong rush to wrap itself in the Union Jack, the Conservative leadership, spurred on by the keyboard Wellingtons in the media, has been trying closing them off.

For the party of business and of pragmatism, this is astonishing. Mr Major probably thinks that if he wins the election, he can steer the Tories back to a pragmatic, mild pro-Europeanism. But since he has been running before the wind (an offshore Norwester) since 1992, why should anyone believe he could change direction after 1997?

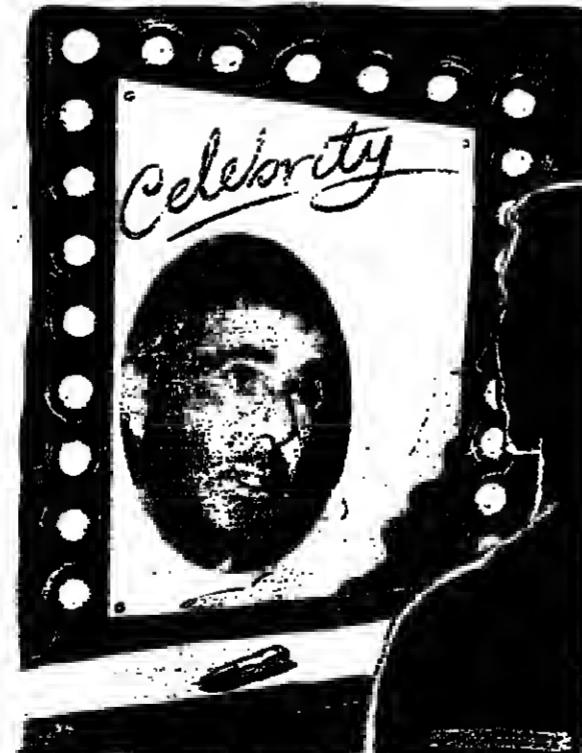
Clarke may look politically weak – isolated in his party, unpopular with his natural supporters in the press. But in fighting to keep Britain's options open, and in recognising the dangers of the anti-European ratchet, he is doing his party a great service. And, unlike so many of his self-concerning cabinet colleagues, he has one great advantage. He can say, quite openly, what he thinks.

## We're having the wrong arguments



**The European debate should be about democracy and prosperity, not sovereignty and geography, says Andrew Marr**

## Why they buy the Max factor



**He works in the world of mirrors and smoke, where fact and fiction are adapted to suit. His name, Max Clifford, celebrity PR. He talks to Peter Popham about the lying game**

**T**he stage is ablaze with lights. All eyes are on the, the legendary, the one and only, the big, big star who fills the house night after night, who makes us all laugh and cry and seeds us home happy.

Because of the intensity of the light, there is an area in front of the stage that is deeply, softly, all-absorbingly black. We can think of that darkness, that proximity, as a good metaphor for the world of public relations.

Who shapes and controls what we know of — personal life? Who has dictated which interviews she gives, and under what conditions? Who knows every little secret that could backfire on her and has moved heaven and earth to keep them secret – and whose expensive services are for that reason alone indispensable? The smirky figure clad in velvet black in the shadow of the stage, that's who: the celebrity public relations advisor.

Most people in the industry believe that they work best when they are out of sight. Fortunately there is an exception to this rule, one man who doesn't mind letting his tongue wag and getting his picture splashed about, with the result that he is a considerable celebrity in his own right. Max Clifford is glad to be interviewed, and lays down only a few restrictions on what may be quoted. But while banishing the darkness and mystery with the one hand, Max instantly re-enters it with the other. Because – and he's repeated it so often that he's got to be sincere – Max tells one:

Example, the famous one: Freddie Starr never did eat that hamster. It was just a good line. So how does Clifford go

about preventing unhelpful information about a client reaching the media? Others in the business talk about pleading, threatening, bargaining to keep negative stories as low key as possible. Max Clifford's approach however, is proactive. "I normally have three or four or five major things up my sleeve ready to break. So, if I get a sudden call saying so and so has been caught out and is about to be so and so'd by such and such a paper, I would get hold of the editor as quickly as possible and say 'right, I can give you this instead'.

I don't mean to say it's going to work – I've got to come up with something that's an even bigger splash, haven't I?" Pause for dramatic effect. "Pamela Bordes is a cover for a much bigger story."

The even more dramatic approach – again a trademark Clifford strategy – is to stop the story before it starts. Max gives a vivid illustration of this spoiled halfway through for me when I remembered I was in the company of a self-confessed liar.

"I'll give you another hypothetical situation, though this actually happened to me. I had a client who was a major star, married. The wife had said, 'If you ever stray again it's finished.' We'd been doing a television interview at his house, the wife was meant to be away. I was downstairs, he was upstairs, entertaining in the bedroom. I saw the wife's car pulling up – she was almost getting out of the car as it pulled up.

"I rushed upstairs, and by the time I'd got to the top of the stairs I'd virtually taken all of my clothes off; by the time I'd got into the bedroom I was stark naked. I pushed him into the wardrobe, and I then jumped into bed and seemed to be having sex with

**Will you give Tom a bed this Christmas?**



**When Tom's wife left, he lost his job and started sleeping rough. By last Christmas he'd hit rock bottom**

**But then, Tom found Crisis. At our Christmas shelter we gave him a bed, hot meals, medical care and companionship. We helped him feel human again**

**Like Tom, many ordinary people hit hard times and end up homeless. Will you help us bring them comfort this Christmas? With £25 from you, Crisis can provide food, bedding, clean clothes and someone to talk to.**

**As the days count down to Christmas, over 2,000 homeless people are counting on Crisis. So please send £25 today – in time to keep them warm.**

**Countdown to Christmas**

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**Visa    Access    Switch    other \_\_\_\_\_**

**Card no. *[A series of dots]***

**Last three digits of Switch card no. *[A series of dots]*    Switch issue no. *[A series of dots]***

**Expiry date *[A series of dots]*    Signature *[A series of dots]***

**Gives of £25 or more are worth almost a third extra to us under Gift Aid**

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**Address *[A series of dots]***

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**OR please phone our donation line 0500 10 99 99**

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**Tomorrow: the fourth tenor**



## **Foreign Exchange Rates**

STERLING		DOLLAR			D-MARK	
Country	Spot	1 month	3 months	Spot	1 month	3 months
US	16520	9-7	36-33	1000	--	--
Canada	22261	54-49	151-156	13488	24-23	75-73
Germany	25579	69-61	203-193	15665	30-28	90-87
France	82460	217-198	610-606	52042	88-81	250-250
Italy	25412	31-45	103-123	13863	28-35	91-101
Japan	16786	55-51	261-276	1373	49-47	148-147
ECU	13371	21-18	69-61	12056	13-14	44-45
Belgium	53321	15-10	42-38	32282	7-5	20-17
Denmark	89039	223-177	655-556	59561	93-73	236-247
Netherlands	24037	82-74	240-226	17577	39-37	121-115
Ireland	10009	5-1	16-10	15055	6-3	10-6
Norway	10775	160-80	380-270	65223	50-25	19-18
Spain	27178	12-21	31-48	3161	16-20	40-48
Sweden	11267	5-8	44-33	68061	41-16	152-101
Switzerland	22000	85-76	220-226	13317	40-37	19-14
Australia <sup>*</sup>	20705	10-16	15-25	1235	14-16	33-35
Hong Kong	12774	83-52	240-183	77325	2-0	2-7
Malaysia	47376	0-0	0-0	25265	27-30	80-85
New Zealand <sup>*</sup>	23355	64-71	155-168	14037	54-56	97-98
Saudi Arba	53958	0-0	0-0	37505	1-4	5-9
Singapore	23106	0-0	0-0	14035	24-19	70-85

**OTHER SPOT RATE**

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	15322	0.9998	Nigeria	132.200	800000
Austria	18.2098	1.0228	Oman	0.6382	0.3850
Brazil	17.054	1.0228	Pakistan	56.2220	40.0799
China	13.7776	6.3071	Philippines	435.639	26.3400
Egypt	5.6235	3.4051	Portugal	26.0250	15.7360
Finland	7.7273	4.6761	Oman	80.731	36.410
Ghana	284.358	17.2200	Russia	9.21345	552100
Greece	406.201	24.5810	South Africa	78.990	46.5820
India	58.9785	35.7000	Taiwan	45.4603	27.5000
Kuwait	0.4961	0.3002	UAE	80.713	35.740

Note: Forward rates quoted help to low are at a discount (subtracted from spot rate); those quoted low to high are at a premium (added to spot rate). "Dollar rates quoted as reciprocal. For the latest foreign exchange rates call 0897 123 3033. Calls cost 35p per minute (inc vat) +40p extra times.

Tourist Rates

£ Boys	£ Boys	£ Boys			
Australia(Dollars)	19920	France(France)	85250	New Zealand(Dollars)	2.2005
Austria(Schillings)	672400	Germany(Germany)	2.953	Norway(Kroner)	105600
Belgium(Francs)	612200	Greece(Drachmae)	3950000	Portugal(Escudos)	2550000
Canada(Dollars)	2.2200	Hong Kong(Dollars)	12700	Spain(Pesetas)	2714000
Cyprus(Pounds)	0.7595	Ireland(Pounds)	68720	Sweden(Kronor)	11500
Denmark(Kroner)	9.7000	Italy(Lira)	25060000	Switzerland(Francs)	27050
Holland(Gulders)	28350	Japan(Yen)	16550000	Turkey(Lira)	1654700000
Finland(Markas)	7.7000	Malta(Liri)	0.5840	United States(Dollars)	16475

**Advances 250% Discou**

Bond Yields												
Country	5 yr	Yield %	10 yr	yield %	Country	5 yr	Yield %	10 yr	yield %	Country	5 yr	Yield %
UK	7.7%	7.07	7.5%	7.33	Netherlands	8.7%	8.62	9.4%	9.55			
US	6.1%	5.80	7.1%	8.00	Spain	10.0%	10.02	10.5%	10.88			
Japan	5.5%	5.68	5.1%	2.47	Ireland	9.9%	8.70	9.7%	7.50			
Australia	6.5%	6.72	6.5%	6.98	Belgium	5%	4.51	7%	5.72			
Germany	6.25%	4.78	6.25%	5.62	Sweden	13%	5.87	6%	6.88			
France	5.7%	4.50	7.25%	5.58	ECU (MT)	4.8%	4.82	7.1%	5.86			

Source:HSBC Markets Research

Money Market Rates								
	O'Night	7 Day	1 Month	3 Months	6 Months	1 Year		
Interbank	5 1/2	6 1/2	8	8 1/2	8 1/2	8 1/2	8 1/2	8 1/2
Sterling CDs	-	-	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2	6 1/2
Local Authority Daps	8 1/2	-	6 1/2	8 1/2	8 1/2	-	6 1/2	6 1/2
Discount Market Daps	8 1/2	5 1/2	-	-	-	-	-	-
Treasury Bills (Buy)	-	-	8 1/2	8 1/2	8 1/2	-	-	-
Dollar CDs	-	-	5 1/2	5 20	5 34	5 28	-	-
ECU Linked Dep.	-	-	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2
Liffe Financial Futures								
Contract	Settlement price		High/Low for day		ExtContracts traded	Open Interest		
Long Gilt	(Dec 96)	111-31		112-17	111-28	45810	43898	
German Govt Bd	(Dec 96)	102.65		102.99	102.36	23348	136897	
Italian Bond	(Dec 96)	129.83		129.96	129.06	59402	34816	
Japan Govt Bd	(Dec 96)	126.71		126.72	126.54	1512	n/a	
3 Mth Sterling	(Dec 96)	93.56		93.58	93.55	7051	67932	
	(Mar 97)	93.30		93.36	93.28	11640	107805	
3 Mth Euromarket	(Dec 96)	96.78		96.81	96.77	28394	17510	
	(Mar 97)	96.85		96.89	96.83	43049	217040	
3 Mth Eurolira	(Dec 96)	92.07		92.98	92.93	14234	67646	
	(Mar 97)	93.65		93.68	93.60	15435	77253	
3 Mth Euroyen	(Mar 97)	99.45		99.45	98.85	200	n/a	
3 Mth Eurosterling	(Dec 96)	97.90		97.94	97.87	3676	25022	
	(Mar 97)	97.94		97.99	97.92	7386	35385	
3 Mth ECU	(Dec 96)	85.85		85.89	85.85	170	818	
	(Mar 97)	85.93		85.96	85.91	1203	727	
FTSE 100	(Dec 96)	40700		40830	40560	14884	52736	
FTSE 250	(Dec 96)	44110		-	-	0	3430	

### Liffe FTSE Index Options

Settlement price: 4062.00	closing offer price				Call/Put
Series	4000	4050	4100	4150	Total/vote
Dec	54/13	46/27	20/52	5/100	..
Jan	13/32	77/48	48/71	27/104	..
Feb	141/43	108/66	80/90	55/118	..
Mar	150/50	164/57	54/101	52/100	..

### **Comments**

Cocoa              Coffee  
Liffe      Com      Liffe      Sto

	London	Paris	London	Paris	London	Paris	London	Paris	London	Paris	London	Paris
Dec	930	Nos	1039	Nos	9063	Nos	5300	Nos	5300	Nos	5300	Nos
Mar	944	Vol	1039	Vol	9160	Vol	6300	Feb	6300	Feb	6300	Feb
May	957	Vol	1039	Vol	9263	Vol	6500	Apr	6500	Apr	6500	Apr
Vol	973	Vol	1039	Vol	937	Vol	67	Vol	7	Vol	n/a	n/a
White Sugar	Freight		Wheel		Com		CBOT		Cane	Refined		
Liffe	Stone	Liffe	50 stone	lbt	Liffe	Lttonne	CBOT	t	Cane	Refined		
Mar	26780	Nos	162	267	2640	2640	162	162	26780	26780	26780	26780
May	2986	Dec	148	151	2640	2640	162	162	2986	2986	2986	2986
Aug	15330	Vol	179	182	2670	2670	165	165	15330	15330	15330	15330
Vol	4046	Index	179	182	475	475	165	165	4046	4046	4046	4046

#### Other Soils (Agricultural)

	Commodity	Source	Value	Change	Source	Value	Change	Source	Value	Change		
Mar	Copper (LME)	\$/Tonne	70,000	+200	Crude Oil (WTI)	\$/Barrel	38,000	+100	Gold	\$/Ounce	1,250	+20
Mar	Cotton (NYM)	\$/Pound	70,222	-200	Silver	\$/Ounce	8,000	+200	Platinum	\$/Ounce	22,000	+200
Dec	Wool	Avg/Cwt	155,000	+200	Petroleum Crude	\$/Barrel	40,000	+100	Palladium	\$/Ounce	3,000	+200
Jan	Rubber	\$/Tonne	20,000	+200	Groundnut Oil	\$/Tonnes	1,000	+200	Platinum	\$/Ounce	27,000	+200
Average BCOMEX - cash average - 12 months to 1/12/01. Current Source: FT.com - month-to-month.												
<b>ENERGY</b>												
Brent Crude		\$/barrel	Gulf Oil	,\$/Tonnes	WTI			Products	1	\$/Tonnes		
Mar	53.20pm	Today	Yester	BPE	close	%Chg	Brent	Spot Cr	Near West Europe			
Mar	53.20	+0.6	+0.1	2001	+0.7%	+0.0	WTI	Unleaded Gasoline	2001/03			
Dec	53.05	+0.6	+0.1	2001	+0.7%	+0.0	Fed	140% Holes	Fuel Oil	2001/03		
Jan	52.95	+0.5	+0.1	2001	+0.7%	+0.0	Fed	140% Holes	Fuel Oil	2001/03		
Feb	52.97	+0.5	+0.1	2001	+0.7%	+0.0	Fed	140% Holes	Fuel Oil	2001/03		
Mar	52.97	+0.5	+0.1	2001	+0.7%	+0.0	Fed	140% Holes	Fuel Oil	2001/03		
Vol	32,397	Index	2001/03	100	WTI	Apr	2001	US Gasoil	2001/03			
Source: ICE London and New York Commodity Exchange. The spot price is the average for the day. Source: ICE London and New York Commodity Exchange.												
<b>COMMODITY INDICES</b>												
*GCI Indices		Base date	+Sect	% Day Chg	Dec 31st	% Yr to 31st	Wk ago	% Yr Chg				
Mar	1970-12-31	2001/03	-0.5	+0.0	2001/03	+0.7%	199.71	+1.2%				
Agricom	1970-12-31	2001/03	-0.5	+0.0	2001/03	+0.7%	277.94	+1.2%				
Energy	1982-12-31	2001/03	+0.8	+0.0	2001/03	+0.8%	162.60	+4.0%				
Industrial Metals	1970-12-31	2001/03	-0.5	+0.0	2001/03	+0.7%	195.01	+1.2%				

	1970-71	1971	1972	1973	1974
Livestock	672-100	1071	4130	1071	4312
Precious Metals	177-100	4637	135	4336	57

Source: Indian Sector S.D.O., 1973-74; Preliminary and preliminary of Central Statistical Bureau & C.S.I.R.

# business & city

Business news desk: tel 0171-293 2636 fax 0171-293 2098  
BUSINESS & CITY EDITOR: JEREMY WARNER

## Insider dealing jury fails to reach verdict

**Bill Treanor  
and Peter Rodgers**

The insider dealing trial of Douglas Swinden, the former director of strategy at Eastern Electricity, ended inconclusively yesterday after the jury failed to reach a verdict.

This leaves Dr Swinden, 53, facing a retrial in the new year if Ian Lang, Secretary of State for the Department of Trade and Industry (DTI), decides to pursue the case, though doubts were raised yesterday about whether it would go ahead.

Separately, it emerged yesterday that in the wake of this setback that the DTI had secured a conviction in another insider trading case, the first this year.

The DTI confirmed that Geoffrey Atkinson and John Hawesby were found guilty on 1 November of insider trading in the shares of Queens Moat Houses. The two men are due to be sentenced tomorrow.

Legal sources said it would be usual for the case of Dr Swinden to be tried again, but the trial judge, Mr Justice Mitchell indicated he did not think a retrial would be necessary.

"I would like to place on the record my feelings for what they are worth. But I do feel it would be wrong to proceed with the matter," the judge

said at Snaresbrook Crown Court, east London.

He said: "There were very unusual circumstances in the case." They included evidence of the company secretary of Eastern, who told Dr Swinden, when asked, that he did not believe the information was un-

published and price-sensitive and therefore he could see no reason prohibiting Dr Swinden from buying shares in another company.

The jury deliberated for seven and a half hours but failed to agree.

Dr Swinden had denied the

two charges of insider dealing between 24 June and 1 August 1994.

These were the first charges brought under the Criminal Justice Act 1993 which gave the DTI greater powers in insider dealing cases.

"We are considering our position," a spokesman for the DTI said yesterday. A decision is expected within the week.

The DTI alleged that Dr Swinden bought shares in Seaboard, another electricity company, before a price-sensitive, confidential report by the regulator was released.

Dr Swinden had bought 2,000 Seaboard shares at 35p each out of a £15,000 bonus he had received from Eastern.

Seaboard shares rose 100p in a month after the report by Professor Stephen Littlechild, the electricity regulator, was published.

Clare Montgomery QC, prosecuting, said during the trial: "Dr Swinden was in a privileged position compared with anyone who was thinking about buying shares. He knew there was good news around the corner and bought those shares when he should not have."

Professor Littlechild wrote to the directors of the 12 regional electricity companies on 24 June 1994, giving proposals for price controls. He made them public on August 11.



Ian Lang: The Trade Secretary must now decide whether to pursue to Sinden case

The DTI's 10-year record	
<b>Insider dealing convictions</b>	
1996 Geoffrey Atkinson and John Hawesby awaiting sentence in this week's Coroners Court on 1 November of dealing in Queens Moat Houses shares.	
1995 Brian Ridge fined £1,300 and costs for dealing in London Scottish Bank and Park Ford Gp.	
1994 Ian Morrissey and Lorelie Staines each fined £1,000, dealing in Arsonson Bros.	
No convictions	
1993 David Gray, 8 months suspended for 2 years, fined £2,000 and £500 costs, trading in Pleasuretime.	
1992 Brian Ridge fined £1,300 and £500 costs, for trading in Cametech.	
1991 Frederick Stabbing fined £5,000 and £500 costs, and Peter Sewell £24,000 and £5,000 costs, for trading in Cametech.	
1990 Ian Henry Lukins fined £2,000 and £432 costs, Peter Semerd Lukins fined £500 and £290 costs, trading in Pittman Games.	
1989 Malcolm Gooding 120 hours community service, £500 costs, trading in Hawel Whiting.	
Nicholas Rushbrooke fined £2,000 and £750 costs, trading in Piccadilly Radio.	
Keith Robinson fined £1,000 and £500 costs, trading in Mercandise House Holdings.	
John Hales fined £15,000, £1,000 costs, trading in Minet Holdings.	
1988 William Reardon-Smith fined £3,000, £2,000 costs, trading in Reardon-Smith Line.	
1987 Ronald Jenkins fined £10,000, £2,000 costs, trading in Steel Brothers and British & Commonwealth.	
Geoffrey Collier, 12 months sentence suspended for two years, £25,000 fine and £7,000 costs.	

## British Energy rump nets £120m for Treasury

**Michael Harrison**

The flotation of British Energy yesterday turned out to possess a silver lining for taxpayers after all, as the Government raised £120m by selling its remaining stake in the nuclear power company.

The sale was part of a wider auction of the Government's remaining stake in British Energy will come as a consolation to ministers after the way the original public offer flopped so badly last summer. The fully-paid shares were priced at just 20p - close to the bottom of the Government's target

range, raising just £1.4bn for the taxpayer - some £500m short of earlier expectations. The first day of dealings turned into an unprecedented privatisation flop as the partly paid shares crashed by more than 10 per cent from their opening price of 100p.

Since then, however, the shares have recovered to be one of the best performing stocks on the market. Last night the shares closed unchanged at 147.5p - up 47.5p on their offer price 5 months ago.

The sharp rise in the share price has led to some mutterings that the company was sold too cheaply.

However, Government sources pointed to the fact that even at the rock-bottom price of 20p it was still left with nearly 13 per cent of the company on its hands.

More than 600,000 private investors applied for shares, leaving the public offer 2.4 times subscribed and resulting in the allocation for small shareholders being raised from 30 to 43 per cent of the offer.

## Racal moves to calm fears with news of £2bn link-up

**Chris Godsmark  
Business Correspondent**

Racal Electronics yesterday sought to stem shareholder discontent after Monday's disastrous profits warning by announcing an agreement to join with a rival defence contractor to bid for a £2bn British army radio contract.

However Sir Ernest Harrison, the company's chairman, failed to discount speculation that he was considering retiring from the group he has managed for the past 30 years. Asked whether it was time for him to leave his job at the age of 70, he said: "The whole question of succession is always under review." He declined to be drawn further on any firm plans.

Sir Ernest was launching a fierce defence of his strategy after the profits warning on Monday which stunned investors and knocked 18 per cent off the company's share price. Describing Racal as a "super" company and a "tremendous success," he totally rejected accusations that the

management had been wrong-footed by delays to contracts in its Radio Communications division. He continued: "The businesses are not going wrong, we're going well."

Directors also insisted that the first time they had heard about the problems with the contracts, which would be worth some £30m to Racal's sales this year, was at a scheduled board meeting last Friday. Sir Ernest said the radio business was "more supervised than any other activity in the company."

He revealed that Racal had agreed to team up with ITT Defence of the US to jointly bid for the £2bn Bowman contract to replace the British Army's battlefield radio system. Racal had been in partnership with Siemens Plessey in a team called "Yeoman" to bid for Bowman, billed as the largest UK military communications programme ever, with ITT as the remaining rival bidder left in the race.

However both Racal-Plessey and ITT have become increasingly frustrated at delays by the new strips settlement system will be rejected accusations that the

UK Government in placing the order. The Ministry of Defence recently announced that the production contract had slipped further, from 1998 to 1999.

A joint bid with ITT needs approval from the Ministry of Defence, though David Elsbury, Racal chief executive, pointed out that the Yeoman consortium had already spent £35m in research and development work.

It is estimated that the joint venture will be worth £50m to Racal's sales this year as a whole.

However he claimed that a tie-up with ITT would give the combined operation more than two thirds of the global defence radio market, worth around £500m a year. If the MoD approves the link-up with ITT, it will go some way to restructuring Racal's radio division, which is currently the subject of a strategic review.

The news about Bowman helped Racal shares to recover a little of the ground they lost on Monday, rising 11p to 236p. It had closed at 275p last Friday.

Racal yesterday confirmed

that its half-yearly profits had fallen by 30 per cent to £21.2m after a £10m charge for restructuring its Data products operations. The profits warning had earlier estimated that earnings for the year as a whole would be around £50m, compared with £70.4m in 1995.

However speculators said Sir Ernest is to retire: would be likely to raise further doubts about Racal's long-term direction. He joined the company in 1951 as company secretary and financial accountant, gaining a seat on the board 10 years later and becoming chairman in 1966.

In the years that followed Sir Ernest became the acknowledged "king" of shareholder value, delighting investors with his demerger policy, which saw Vodafone and then Chubb, the security business, hived off into separate businesses.

After massive growth in the mobile phone market, Vodafone is now worth £7.9bn, while Chubb, with a market value of some £30m also worth more than what remains of Racal.

## United Airlines steps up attack on alliance

**Chris Godsmark  
Business Correspondent**

United Airlines, the world's largest carrier, yesterday stepped up its attack on the proposed alliance between British Airways and American Airlines as officials from the UK and US governments resume their "open skies" negotiations aimed at liberalising access to Heathrow airport.

The outcome of this latest round of talks, which start in London today and is expected to continue until Friday, could determine whether the US regulatory authorities will give the BA-American partnership their approval. The US government has already stated that it will only approve the alliance if the US gets up to Heathrow.

Cyril Murphy, United Airlines' head of international affairs, said the link-up should only be approved if American Airlines gave up the bulk of its lucrative take-off and landing slots at Heathrow.

Stepping up United's lobbying effort, he said this would mean American losing 30 slots at the airport, plus a further six in Chicago and 12 at John F Kennedy airport in New York. These would then be re-allocated to other US carriers by the American Department of Transportation. In addition, BA and American should be prevented from obtaining new slots for 5 years.

"The price should be paid by the guys who are eliminating the competition, not the guys who are being asked to provide the competition," said Mr Murphy.

The alliance would give BA and American around 60 per cent of seat capacity between the UK and US and give them a monopoly on routes between Heathrow and Boston, Dallas and Miami.

The UK competition watchdog, the Office of Fair Trading, is also thought to have called for the two carriers to divest themselves of slots at Heathrow if the alliance is to escape a lengthy probe by the Monopolies and Mergers Commission. The OFT report is currently being considered by the Department of Trade and Industry, with a decision expected in the next couple of weeks.

However a spokesman for British Airways last night insisted the company would fight any proposals to give up slots: "We see absolutely no reason why we should hand over to United or indeed any other airline assets which we've invested very heavily in over the fifty years we've operated at Heathrow."

## Singer makes City debut

**Patrick Tooher**

He has done for *Galway Bay* and *Danny Boy* what *Riverdance* did for jigs and reels, or *Val Doonican* achieved with sweaters.

Now Daniel O'Donnell, the squeaky-clean and hugely successful Irish singer, has hit the right note in the City.

The easy-listening star is by far the biggest selling artist at Ritz, the music publishing group whose shares start trading this morning on the lightly-regulated Ofex market.

A placing of 1 million shares at 55p values the company at just over £10m.

Michael Clerkin, the owner of Ritz who will retain a stake

## Gilts clearing system delayed

**Peter Rodgers  
Financial Editor**

The Bank of England has delayed a much-improved clearing system for the gilts market from spring to late August 1997, because of the pressure put on City resources by the problems getting the Crest share settlement system up and running. The new gilt settlement system will use Crest software.

As a result of the delay, a new City market in "stripped" gilts, where the interest and principal are traded separately, will be delayed until the start of the upgraded gilt clearing system.

However, a Budget tax concession linked directly to the new strips market will take effect on 7 June, despite the delay in starting the upgraded gilt settlement system.

The Treasury concession allows all interest payments on gilts to be made gross, without tax deducted at source. This payment of interest gross is essential for the new strips market to operate.

The Bank of England said it was intended to keep open the option of merging the settlement systems for gilts and shares in future, once they were fully up and running. The Bank set up Crest, though it handed it over to a large group of City shareholders. As a first step, the two settlement systems are to use the same networks, Syntex and Swift.

Teething problems caused by a software bug among brokers. The Crest system was on the brink of a crisis last month as pressure grew to suspend its commissioning because of delays in operation.

But a Crest board meeting last week decided to stick to the previously planned date of next April for full commissioning.

## Profit warning puts Dorling shares into dive

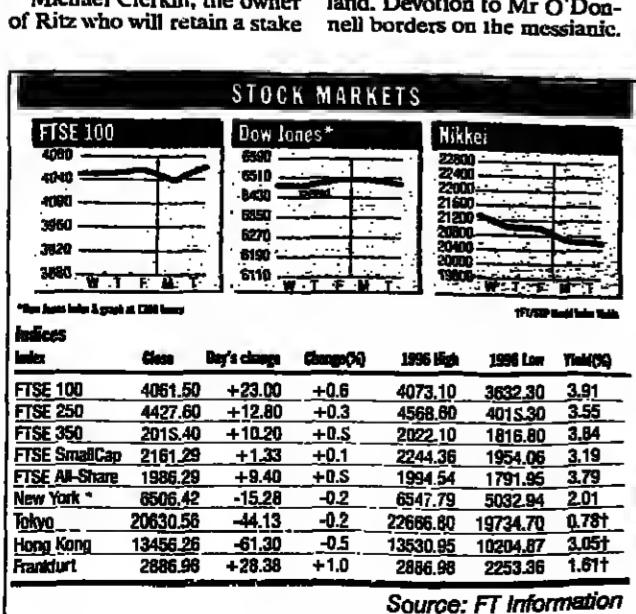
**Magnus Grimond**

Dorling Kindersley, the books CD-Rom publishing group, saw £60m wiped off its stock market value yesterday after warning that profits would be hit by the current strength of the pound and a soft US books market.

The problem is being compounded in the US by a highly competitive and sluggish book retailing market, where the group has been expanding for the past two years, and difficult trading in CD-Roms.

Rod Hare, managing director said big publishers like Random House and HarperCollins had also been complaining recently of flat markets across the Atlantic, along with increasing levels of book returns. He believed it would be a short-term problem as retailers reviewed their stocks to obtain the highest margins. CD-Roms were no worse than expected, he said, but there continued to be heavy competition for shelf space, while many retailers had gone into Chapter 11 insolvency.

Analysts cut their forecasts from around £20m to between £18m and £18.5m yesterday to take account of the problems. Lorna Tiffen, broker at Prudential Gordon agreed the difficulties were short-term and suggested this was a "buying opportunity for the shares."





## COMMENT

'So what is going on here? Certainly it was not concern on the part of the Government that caused sterling to falter. If there was anxiety at the Treasury and the Bank of England about the strength of the pound, it hasn't showed'

## Sterling's stumble signals end of its glory days

**H**as the pound finally reached its high point? There was certainly reason to think this yesterday as sterling took a tumble in foreign exchange markets. Perhaps significantly, there was no particular reason for it, other than that dealers thought the pound's recent rise could no longer be sustained. So perhaps we are out after all, looking at the great sea change heralded by the pound's standing - sterling as a safe haven, the next Swiss franc, and all that.

So what is going on here? Certainly it was not concern on the part of the Government that caused sterling to falter. If there was anxiety at the Treasury and the Bank of England about the strength of the pound, it hasn't showed. So far, there has been no intervention by the Bank of England in foreign exchange markets, nor has there been much comment from the Chancellor.

Who you think about it, however, there is no earthly reason why they should be concerned. In the short to medium term, a strong pound is all to the good, politically at least. For a start, it means cheaper foreign holidays. Then there's that sense of national pride that springs from a strong currency. More important still, the deflationary effect decreases the pressure on Mr Clarke to raise interest rates.

The only people complaining about it were exporters. If they get hurt, then plainly that eventually affects the real economy and the Government. But there is a relatively long lag here and it seems unlikely there

would be any noticeable adverse effect in the six months left to an election. The snapshot is that there is no incentive at all for Mr Clarke to do anything about a strong pound.

Moreover, there is good reason to believe that it is in any case only a temporary phenomenon. The pound is not made inherently attractive just because the Germans seem prepared to give up their strong D-mark for a softer and more volatile Euro. Meanwhile there are problems aplenty building up in the domestic economy, most urgently that of runaway consumer demand. This looks destined to bring higher interest rates with or without the strong pound. Anyone who believes the picture is going to look any better under Mr Blair is whistling in the wind.

Labour is going to find it much harder to hold the lid on spending while big tax increases to correct the problem are going to be as difficult for Mr Blair as they are for Mr Clarke - they would risk strangling the new administration at birth. This is not a backdrop conducive to a strong currency. More important still, the deflationary effect decreases the pressure on Mr Clarke to raise interest rates.

The only people complaining about it were exporters. If they get hurt, then plainly that eventually affects the real economy and the Government. But there is a relatively long lag here and it seems unlikely there

of them never even get to court. This year there has been a grand total of two trials, one of which fizzled out yesterday with a hung jury. Amazingly the other produced a guilty verdict, though we do not yet know the sentence but it hardly makes much difference.

Over the years, criminal prosecutions for insider dealing have produced a lamentable record of which neither legislators nor prosecutors can be proud. The law was beefed up in 1993, but few believe that this will do much good. This is an issue that is giving international standards in the City a bad name, and deservedly so. As a result, there has been much hand wringing among regulators over what to do next.

The problem is that a large number of what we can only call professional insider dealers gets away scot-free every year - simply because they are so good at their egregious calling. It is the occasional amateur that tends to get caught and fined.

The mystery about it is that the DTI has powers to investigate insider dealing that go far beyond those available to the police in the ordinary course of their investigations. Inspectors can trample over what are normally regarded as civil liberties with impunity. Karen Morgan Thomas, a former stockbroker at James Capel, who was innocently caught up through her acquaintance with Lord Archer - in investigations into insider trading in Anglia TV shares is so incensed about her treatment that she is reportedly planning to take the issue to the European courts.

This DTI tiger, which looks on paper as if it can give anybody a mauling, looks more like a kitten when you look at the record of court success, and the paltry level of penalties, with only one jailing in a decade. The conventional answer, favoured by the Stock Exchange, is to use the civil law and the regulatory system, where the burden of proof is lower, to prosecute insider trading. Reluctantly, it has to be said that the criminal prosecution record is making the exchange's case stronger every year.

### Mr Rice needs to keep on running

**V**ictor Rice, the chief executive of LucasVarity, is a larger than life character so he should be able to take yesterday's rather perverse 6 per cent decline in the company's share price in his stride. Any man who can wear pink jogging pants into the office isn't the sort to lose much sleep over one or two stock market downgrades anyway.

The cause of the slippage in the share price was some bearish comments about the trading outlook that the usually bullish Mr Rice made at the end of a teleconference with analysts. Apparently the French have stopped buying so many diesel engined cars now that their Government has stopped bribing them to enter the showrooms.

The bigger picture is somewhat rosier,

however. Poor old Sir Brian Pearce, the group's non-exec chairman, could only split £6m worth of car savings in the merged business. Moreover, he gave his word as a decent chap and an ex-banker that the job losses would be few and far between such was the complementary match between the two businesses.

But the sharp-suited Mr Rice is an altogether smarter cookie. He has managed, surprise, surprise, to double the figure for cost savings to £12m after identifying 1,500 folk on the Lucas payroll who were surplus to requirements after all. In total the headcount will fall by some 8,000 once Mr Rice has finished swinging the axe elsewhere in the sleepy old world of car components and disposed of some 13 businesses (again all ex-Lucas subsidiaries) that do not fit with the grand strategy.

Perhaps we should not be too surprised at all this. Mr Rice was brought in from Varsity to do precisely this job and he has set about his task with gusto. Any pretence that this was other than an American takeover of Lucas has been firmly squashed.

The kitchen sink exercise will mean £250m of exceptional charges this year. But the flip side is that all the cost savings identified by Mr Rice will be flowing through to shareholders inside two years.

That, generally, is when mergers of this sort start to run into the ground and investors start to worry. Mr Rice will need to keep his jogging pants on.

## LucasVarity to cut 1,500 jobs in Britain

Michael Harrison

Up to 1,500 jobs are to be shed in Britain as part of a sweeping cost reduction programme unveiled yesterday by the newly merged automotive and aerospace group LucasVarity.

The job cuts are part of a rationalisation plan that will see a total of 3,000 redundancies worldwide and the disposal of a further 13 businesses employing some 5,000 people.

LucasVarity is taking a one-off charge of £250m to cover the restructuring programme but said that by January 1997 it expected to be making annual savings in operating costs of at least £120m.

The City initially greeted the news positively, marking LucasVarity stakes up sharply. But they fell later in the day as dealers construed comments about weakening European demand by the group's chief executive, Victor Rice, as a veiled profits warning.

Mr Rice described the City's reaction as "dumb and stupid" and denied he had issued a profit warning.

its warning. All he had said to analysis during a telephone conference call was that the group's heavy-duty braking, Perkins engines and diesel fuel injection businesses had seen a slowdown in European markets.

The cost savings identified by LucasVarity are double those estimated at the time the merger was announced in September, and will come from increased productivity, the elimination of duplicated facilities and reduced overheads.

The other businesses being disposed of are its Brazilian headlamp division, its Argentinian starter motor and ignition systems business, its South African starter motor and alternator subsidiary and a Greek parts importer and distributor.

Mr Rice said there was no question of selling the Lucas aerospace business, saying the combined group intended to establish leading positions in four key markets - automotive, diesel engines, aftermarket and aerospace.

The businesses being sold have sales of £270m, representing 6 per cent of group turnover. Eight businesses have

so far been identified for sale. They include two UK subsidiaries - Lucas Heavy Duty Products, which makes starters and alternators, and Lucas Industrial Components, which manufactures precision machined components - and two businesses with UK operations - Lucas Nitroitec, which specialises in metal surface treatment, and Lucas Assembly & Test Systems, which is based in Britain and the US.

At the time of the merger, LucasVarity said it expected to achieve £65m in cost savings and a further £65m in tax savings over a two-year period. Of the £120m it now expects to save through greater operational efficiency, £60m to £70m will come through in the first year.

The £250m exceptional charge breaks down into £120m to cover redundancies and a one-off non-cash item of £130m, primarily to cover asset write-downs.

There would be no plant closures in the UK, although it was bearing the brunt of the job cuts, said Mr Rice. He defended the heavier-than-expected job losses, saying the forecasts were made when Lucas and Varsity were still virtually separate companies before its "transition teams" had got to work.

## Football clubs 'could bypass Sky'

Patrick Toohr

Two leading television executives yesterday predicted the eclipse of broadcasters such as BSkyB and sports bodies such as the Premier League by top football clubs. They warned that the top clubs, which owned valuable rights to screen live games, could cut exclusive pay-per-view deals.

Greg Dyke, chief executive of Pearson Television, claimed next year's planned introduction of digital television and the soaring value of sports rights would bring "untold riches" to clubs such as Manchester United at the expense of programme distributors.

Speaking at a seminar in London on the business of sport organised by the Institute of Economic Affairs, Mr Dyke said: "It is the clubs who own

the rights who will gain, not the broadcasters. This is not television as we know it. The new television will be an extension of the gate, the club selling to the fans."

Mr Dyke attacked the hitherto dominant role played by BSkyB, the satellite broadcaster which recently agreed a £670m deal with the Premier League to retain exclusive rights to televise top football matches into the next century.

"BSkyB has made an enormous amount of money by being a monopoly supplier of somebody else's market. But it is an interim service using interim technology."

Mr Dyke's comments were backed up by Robin Welch, a leading figure at Dutch pay-TV group NetMedia, who last week became a non-executive director of Caspian, the media group which owns Premier League club Leeds United.

"Sports distributors will have less of an influence in the digital era," Mr Welch said.

The outspoken comments of two senior industry figures

come as leading football clubs continue to prepare for the early introduction of pay-per-view, which is not scheduled under BSkyB/Premier League contract until 1999.

This week it emerged that Rick Parry was quitting as Premier League chief executive to take up a similar post at Liverpool in a move widely seen as increasing the Anfield's club bargaining power in future pay-per-view negotiations.

BSkyB is also keen to offer pay-per-view Premier League football to coincide with the launch of up to 200 digital channels next year, about 60 of which will be pay-per-view sport or films. But clubs could be forced to sign their own pay-per-view deals if the Restrictive Practices Court decides BSkyB's exclusive television contract with the Premier League is illegal.

## Wickes to stop expansion abroad

Nigel Cope

Wickes, the troubled DIY group, is expected to abandon its overseas operations as part of a business plan that will be unveiled this year as part of its move to incorporate its audit arm. But Mr Land's pay package is dwarfed by KPMG senior partner Colin Sharman's £740,000.

Though all sectors of the business had done well, corporate finance, which grew by a fifth, management consultancy and taxation had been especially strong.

Pointing out that partner profits had actually dipped last year, to £171,000 per partner from the previous year's £177,000, Mr Land attributed the record growth to "improved market conditions and the results of a sustained process of change over the last four years".

Ernst & Young is not required to publish detailed financial information, but Mr Land said disclosure fitted in with the firm's spirit of openness.

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The rights issue document will alert possible bidders to pore over the figures for Wickes, which include Ready Mixed Concrete and Kingfisher, which will report booming third-quarter sales figures at its B&Q DIY subsidiary today.

Analysts think the buoyant DIY market and the possibility of takeover action will prove persuasive to investors. "I think people will grumble, but cough up the cash," says Nick Bubb at Mees Pierson.

Next week's document will

Barcelona  
£49  
Daily scheduled flight to Spain  
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Amsterdam £35 • Scotland £29 • Nice £49  
All fares single excl. tax subject to availability  
every seat on every flight £49 single up to and including Dec 18th 1996



Greg Dyke: Attacked the dominant role of BSkyB

also include the restated 1995 accounts, the results for the first six months of 1996 and a trading forecast for the rest of this year.

It is likely the group will confirm it has completed negotiations with suppliers on new terms. These are likely to cause additional provisions, which is one reason why the rights issue figure has been increased from £30m to £35m. A new non-executive director will also be announced.

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# Superb management skills push Siebe profits higher

## THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

**Siebe.** Britain's biggest engineering group, has proved its management skills in spades over the past few years and has also shown it is no slouch at acquisitions. This year's £520m deal to buy electronic controls group Unitech is already proving well up with expectations.

A substantial chunk of the 32 per cent rise in profits to £190m for the six months to September was the result of a maiden five-month contribution from Unitech. The power supply converter group chipped in £21.3m to group operating profits, which rose from £166m to £216m in the period. Unitech's underlying 12 per cent rise was impressive against the background of a still depressed semiconductor industry, which, with telecoms, accounts for around a fifth of sales.

Siebe believes the electronics market is at last on the turn, although it may take 18 months to return to the heady days before last year's collapse in prices. Any further damage to sales caused by the weak yen should be more than made up with synergy benefits and cost savings, still on course to deliver £15m in a full year, with close to 1,200 people expected to be taken out of the business this year.

Meanwhile, Foxboro, an earlier

purchase, continues to sparkle. Its I/A process control systems for managing large plants such as oil refineries and chemical plants has seen its market share more than double this decade and now stands just one percentage point behind market leader Honeywell.

But the real story at Siebe remains management. Having built world-leading positions in industrial and consumer appliance control equipment, sales have grown ahead of the market, which, combined with relentless cost-cutting, has pushed group margins from 13.8 to 14.7 per cent in the six months.

Bettering that will be tough, but Siebe is rolling out an ambitious and pioneering project, dubbed Six Sigma, to slash manufacturing defects from typical levels of 5,000 per million units of output little more than zero. This US concept, already being used by Motorola and Texas Instruments, could deliver net benefits of around £50m in two to three years' time.

Apart from Europe, most of Siebe's markets are growing, with the controls business alone quoting for business worth £1bn. The only cloud is the potential translation impact of a strong pound, but on unchanged forecasts of £430m for

the full year, the shares, up 10p at 950p, deserve their forward rating of 18. A firm hold.

### Wessex shares remain steady

Wessex Water's interim results yesterday seemed strangely low key after its two-way struggle to take over neighbouring South West Water earlier in the year. With Wessex and rival bidder Severn Trent now effectively prevented by the Government from ever buying rivals, the question on shareholders' minds was what the water groups would do with their cash mountains. Severn Trent led the way yesterday, buying back 10 per cent of its shares. However, in a typically conservative fashion, Wessex Water, which has net cash in the bank of £75m, said it had still not made up its mind how to hand back money to investors.

Reading between the lines, the

likelihood is that there will be some kind of buyback or special dividend, coupled with earnings-enhancing acquisitions in the unregulated waste management businesses before next spring. But shareholders will have to wait for the details.

In the meantime, yesterday's half-yearly results were pretty much what

analysts had expected, emphasising the stock's enduring quality as an unspinning "hold". Pre-tax profits in the six months to 30 September rose by 10.4 per cent to £75.5m, while turnover increased by a strong 7.1 per cent to £128.9m. However earnings from Wessex's 50 per cent owned waste management

operation grew by just 0.2m to £6.2m after a collapse in prices of recycled paper. The 14 per cent rise in the interim dividend to 5.7p was at the lower end of the range for recent water company announcements.

Profits for the full year should reach £144m and be accompanied by a 14 per cent rise in total dividends to 17.3p, giving a forward yield of 6.1 per cent, with the shares down 1.5p at 352.5p. There should be organic growth in the waste business, but investors should look elsewhere for real excitement.

### Marston faces three problems

**Marston.** Thompson & Everards had a reputation as a steady regional brewer until its surprise purchase of the trendy Pitcher & Piano bar chain in the summer. The £20m price tag, which worked out at £2.2m per outlet including development costs, had analysts spluttering in their pints.

Yesterday's results were the first to include a contribution from the purchase, although group profits just edged ahead 5 per cent to £14.7m in the six months to September. There are eight Pitcher & Piano

## business

# US fad wafts in like a breath of stale smoke

## PEOPLE & BUSINESS

**Peter Rosengard,** the life assurance salesman who founded the Comedy Store in London, is at it again. This time he's founded what he claims is the capital's first cigar-smoking club, called The Havana Room.

The idea comes from the US, where all sorts of Hollywood starlets have decided that cigars are for the young and hip, rather than just the old and rich.

Mr Rosengard says he held a party at the trendy Soho club Groucho's last week to launch The Havana Room. "We flew in a cigar roller from Cuba called Carlos for the occasion," he says.

"We auctioned the first cigar he rolled, and it went for £50. Then we decided to give the money to Carlos. His interpreter said Carlos gets paid \$10 a month back in

Midland introduces its revolutionary Supermarket Trolley Account, you read it here first.

An anonymous employee from Birmingham Midshires Building Society, which is proud of its mutuality, has phoned me to say the society's mission statement has just been changed - with smirky implications.

"The statement used to say our aim was to be the number one building society by 2001. The new statement says that we will be the one to beat on business performance by 2001. Nothing about building society. So are we going to convert to a PLC? After all, we've already got a banking licence through our Western Trust subsidiary."

Obviously Birmingham Midshires' staff need reassuring. Dangerous things, mission statements.

NatWest Group has appointed Achim Racov to the role of chief information technology officer, and according to the former IT consultant, it's not a moment too soon. While Mr Racov has sorted the computer systems at Ulster Bank, Coutts South Africa and NatWest UK, his new role gives him a unique headache.

Two big problems face IT people at the moment. The first is programming computers to handle the year 2000, since computers operate on the last two digits and may throw a wobbly if presented with "00". Second, the same systems will be re-jigged to deal with EMU.

As for 2000, Mr Racov says: "We started very early on that one. As for EMU, its rules have not yet been clarified by the authorities. It would be very dangerous, however, if EMU and 2000 happened at the same time."

Since the first wave of EMU is scheduled for 1999, and schedules tend to slip, it sounds like Mr Racov and his 5,000-strong army of IT techies at NatWest will have their work cut out.

Speaking of EMU, Salomon Brothers in London has landed a very big fish to help in its preparations.

Dr Günther Thumann, who was a senior economist for the investment bank in Frankfurt two years ago before he joined the German Ministry of Economics, is coming to London to head up its EMU research project.

The doctor was one of Germany's representatives on the European Monetary Committee. At least someone knows what it's all about.

John Willcock



New image: The young and hip have turned to cigars

Cuba, so that was equivalent to eight years' income."

This tale sounds like something from the 1980s - proof that the pre-election boomlet is gathering steam.

To the equally trendy Kings Head theatre pub in Islington, north London, for Midland Bank's pre-Christmas press party.

Mark Searles, head of marketing at Midland, decided to hire five comedians from the Comedy Players to provide *Whose Line Is It Anyway?*-type entertainment.

Mr Searles got more than he bargained for, however, when Steven Frost (the large, balding comedian from the Carling Black Label adverts) was chosen to play him on stage. Mr Frost's task was "to invent a brand new financial product". He eventually hit on a bank account based on the pound coins you insert in supermarket trolleys to release them. "We'll pay you 10 per cent interest when you return the trolley," declared Mr Frost, aka Mr Searles. The Midland man took this merciless ragging in good spirit. Remember, when

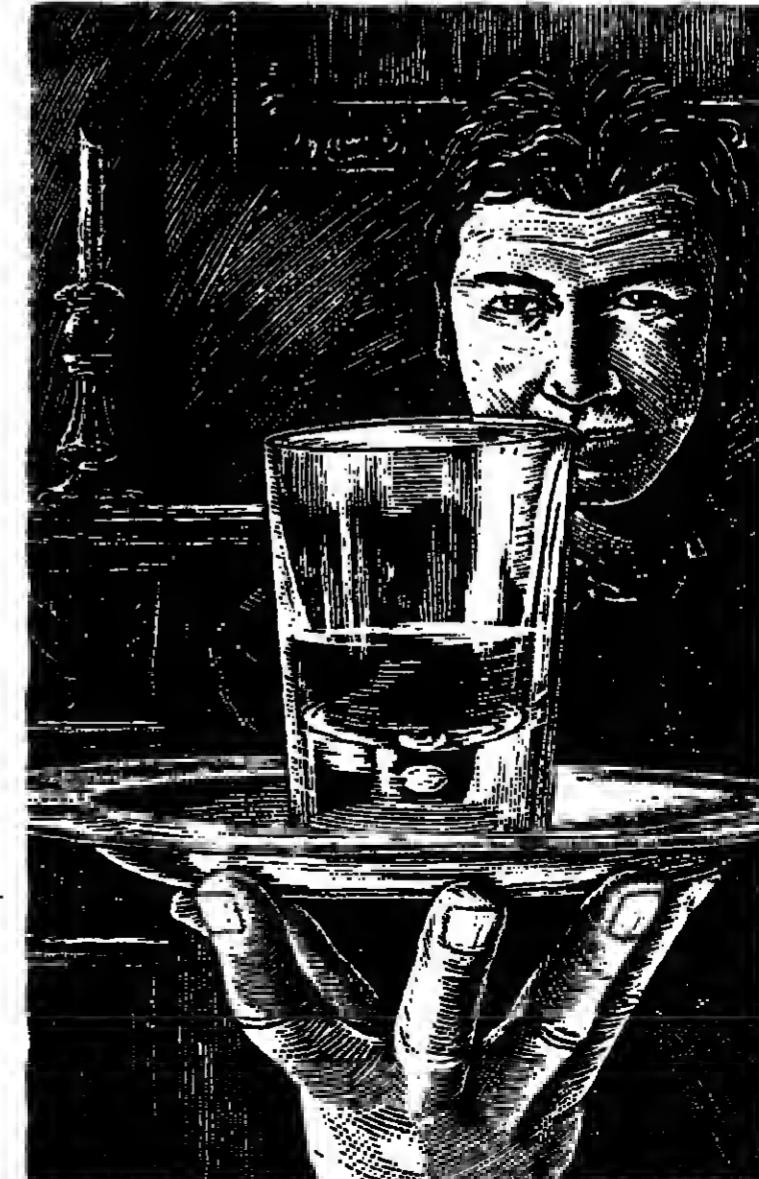
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	Turnover £	Pre-tax £	EPS	Dividend
Hawthorn Foods (F)	386.5m (£91.8m)	11.4m (16.1m)	0.09p (5.12p)	2.4p (2.4p)
Kennedy Appliances (F)	97.8m (£7.3m)	3.25m (7.4m)	4.5p (11.3p)	3.25p (3.25p)
Marsden Thompson (F)	91.38m (£5.18m)	14.65m (£13.94m)	13.17p (11.19p)	2.7p (2.5p)
Morrison Construction (F)	123.1m (£8.2m)	4.77m (£3.18m)	4.88p (4.28p)	1.8p
Prospect Industries (F)	82.73m (£81.61m)	-1.45m (-21.3m)	-0.50p (-7.24p)	n/a
Racial Electronics (L)	602m (£50.2m)	27.2m (20.1m)	4.78p (7.08p)	2.1p (2.1p)
Seaw (I)	1.47m (1.23m)	190.4m (144.2m)	24p (19.2p)	4.5p (4.44p)
Wessex Water (F)	128.9m (£20.3m)	75.5m (£8.4m)	22.1p (20.1p)	5.7p (5.6p)

(F) Final (I) - Interim (P) - Nine months



# Chance hands Bridgwater a Rehearsal role

## Racing

**RICHARD EDMONDSON**

David Bridgwater has come in for the notable chance ride on Mr Mulligan in the Rehearsal Chase at Cheltenham on Saturday, but coaxing the flamboyant jumper over the foxy Welsh fences may be the least of his problems.

The Rehearsal has established a notorious reputation in recent years, and even better horses than Mr Mulligan, the

winner of five of his six races last season, have been dramatically humbled. Jodami in 1993 and Master Oats last year were both badly beaten when carrying the sash of reigning Gold Cup winners, and it remains the contention of the former's trainer, Peter Beaumont, that his horse was doped and that Master Oats showed such similarity in symptoms that he probably was too. The thrills in the fences will not be the only ones that Bridgwater and his weighing-room confederates

may have to keep an eye out for at the weekend.

Bridgwater's call comes because Richard Johnson, Mr Mulligan's regular partner, is recuperating with a broken collarbone. Mick Fitzgerald and Norman Williamson were initially approached for the ride, but both are travelling instead to Sandown's Tingle Creek meeting. "The problem is there is only one good race at Cheltenham and two or three at Sandown," Noel Chance, the chestnut's trainer, said. "But

Mark Dwyer has also ridden Mr Mulligan before and the Irishman is in no state to resume the partnership after breaking his arm at Kinsale on Monday. Dwyer was recovering in hospital in Melrose yesterday following an operation in Melrose yesterday to

David is happy to ride him. He will come down on Thursday and get to know the horse.

"I suspect it will be a test with the rain falling in Wales, but I would rather soft ground for Mr Mulligan anyway. If he runs well, then he will go for the King George."

Mark Dwyer has also ridden Mr Mulligan before and the Irishman is in no state to resume the partnership after breaking his arm at Kinsale on Monday. Dwyer was recovering in hospital in Melrose yesterday following an operation in Melrose yesterday to

following in Good Faith's fall in the novice hurdle, a collapse that drove his jockey into the turf like a tent peg.

Dwyer, who will remain in hospital for two days, endured four hours of surgery and then reported over the telephone to his wife, Jane, at their Malton home. The details listed here are not appropriate for someone about to embark on an extravagant lunch.

"They have inserted a plate and wired the arm up," Mrs Dwyer said. "He was highly

drugged up last night but he is a lot brighter today. I think he is pretty comfortable."

"They [the rider's medical team] are slightly concerned about infection setting in. Apparently the bone came through the skin and they had to remove part of Kelso racecourse from the wound. Because of that they were wary of operating and they are now giving him intravenous antibiotics."

If anything, the pain may have increased yesterday afternoon when Alabang, whose

## Britain wins Evry finale

The Peter Makin-trained Wilcuma, ridden by John Reid, took the main race on the last ever Evry card yesterday, ploughing through the mud to lead the Listed Prix Edeline. Wilcuma, a 5-2 shot on the pari-mutuel, scooted home by four lengths from Le Conquet.

Evry, which opened only in 1973 and has some of the best turf and most modern facilities of any French track, is to be closed because of an agreement between the French government and racing authorities in 1992. It was decided then that a major track had to close in return for government assistance to racing. Chantilly, Maisons-Laffitte and Deauville were all targeted but managed to survive.

All benefited from local support, something which Evry has lacked, plus the fact that they are important training centres.

**RICHARD EDMONDSON**  
NAP, Mill Thyme  
(Catterick 1.20)  
NB: Formal invitation  
(Southwell 1.30)

The case for allowing diabetics, such as Jonathan Lowther, to continue riding is to be discussed at a Jockey Club seminar about the illness today.

Vindaloo, the winner of 11 starts on the Flat last year, is to embark on a hurdling career.

The Elite Racing Club is to

sponsor the Triumph Hurdle, which opened only in 1973 and has some of the best turf and most modern facilities of any French track, is to be closed because of an agreement between the French government and racing authorities in 1992. It was decided then that a major track had to close in return for government assistance to racing. Chantilly, Maisons-Laffitte and Deauville were all targeted but managed to survive.

Kenneth Richardson, 58, a businessman and gambler from Hutton, Humberside, and two associates, Colin Mathison and Peter Boddy, were convicted after the prosecution alleged that a three-year-old, Good Hand, was substituted for Flockton Grey when it romped home at 10-1 - all of 20 lengths ahead of the field in a two-year-old race at Leicester in 1982.

According to the Crown, the

heavily backed Good Hand disappeared after the race and before a stewards' inquiry, leaving only a photograph as evidence.

The trial judge gave Richardson a nine-month suspended jail sentence and fined him £20,000. Later he was warned off all racecourses by the Jockey Club for 25 years. Mathison was fined £3,000 and Boddy conditionally discharged.

Those behind the betting coup stood to gain £36,000. Richardson, the former owner of both horses, claims the "tinker" was some other horse, unconnected with him.

His original appeal was turned down in 1986 and it was not until June last year that the

Home Office agreed to refer the case back to the Court of Appeal.

Yesterday, Edmund Lawson QC, for the three men, told the court that the appeal was based on non-disclosure by the prosecution of potentially vital evidence, including photographs and witness statements relating to the true identity of the winning horse.

Denis Bellamy, a zoologist called as a defence witness, told the appeal judges that he had compared three pictures of the winner with the photographs of Good Hand and concluded that "the horses are not the same". The hearing was adjourned until today.

Each-way 1/4 quater the odds, places 1, 2, 3, 4 (Race run over 2m, Sandown Steeplechase).

**WILLIAM HILL HANDICAP HURDLE**

Horse (Owner)	Age	Weight	Course	William Hill	Instructions
Velocite (T. Foster)	11st 8lb	9.2			
Polyester (M. Price)	9.2	7.5			
Belated (M. Meek)	11st 2lb	9.1			
Master Horse (J. Tattersall)	11.7	8.1			
Silver Screen (G. Moseley)	11.6b	8.0			
HHS Society (H. Meads)	11.3	8.0			
Direct Route (J. Johnson)	11.2	8.1			
Belvedere (M. Stedman)	11.1	8.2			
Reverence (M. Tattersall)	11.0	8.0			
Shattered (M. Stedman)	10.9	8.1			
Stablemate (P. Moore)	10.8	8.1			
Mother (P. Moore)	10.7	8.1			
Albion (P. Moore)	10.6	8.1			
Malvern (P. Moore)	10.5	8.1			
Malvern (P. Moore)	10.4	8.1			
Malvern (P. Moore)	10.3	8.1			
Malvern (P. Moore)	10.2	8.1			
Malvern (P. Moore)	10.1	8.1			
Malvern (P. Moore)	10.0	8.1			
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